

Registered number: 00727228

W.H. Palmer & Co. (Industries) Ltd

Annual report and financial statements

For the year ended 31 December 2021

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W.H. Palmer & Co. (Industries) Ltd

Company Information

Directors

A J Wallis
N M Phillips
R C Evans

Non-executive directors

R H Ling
J Alton (resigned 18 November 2021)
M H Colling
D Joel (appointed 4 January 2022)

Registered number

00727228

Registered office

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

Independent auditors

Kreston Reeves LLP
Chartered Accountants & Statutory Auditor
2nd Floor
168 Shoreditch High Street
London
E1 6RA

W.H. Palmer & Co. (Industries) Ltd

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W.H. Palmer & Co. (Industries) Ltd

Directors' report

For the year ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activities of the group during the year continued to be the distillation of gin and the sourcing, packing and distribution of solvents and alcohols products.

Directors

The directors who served during the year were:

A J Wallis
N M Phillips
R C Evans
R H Ling
J Alton (resigned 18 November 2021)
M H Colling

Results and dividends

The profit for the year, after taxation, amounted to £2,511,124 (2020: £3,636,308).

Ordinary dividends amounting to £600,000 (2020: £1,200,000) were paid during the year. Last year's figures included a substantial bonus dividend, in addition to that defined by the dividend policy, in recognition of the exceptional results.

Streamlined Energy and Carbon Reporting (SECR)

Methodology

Our environmental performance data is presented in accordance with HM Government's Streamlined Energy and Reporting (SECR) Guidelines (March 2019). The data below represents the group's most significant energy usage. Electricity and gas usage is obtained from meter readings at each site. Usage of boiler fuel and site diesel is obtained from purchase orders and actual consumption. Usage of company car fuel is derived from the business mileage travelled by each individual vehicle, categorised according to size (small, medium or large). Energy usage is converted to equivalent tonnes of CO₂ (TCO₂e) using the UK government's CHG Conversion Factors for Company reporting 2020 and 2021.

Energy Consumption

	Year ended 31 December 2021	Year ended 31 December 2020
Electricity and gas usage	199,699 kWh	203,123 kWh
Fuel oil and diesel used at operational sites	176,382 litres	125,568 litres
Fuel used by company cars	126,467 litres	144,168 litres

Fuel oil is used in the Distillery's boiler and used in the distillation of gin.

CO₂ Emissions

Overall, the energy used by the group is the equivalent of 635 tonnes of CO₂ (2020: 485 tonnes). The most appropriate energy metric for the group is to measure tonnes of CO₂ per tonne of product despatched to our clients. The intensity ratio for the year was 0.028 TCO₂e per tonne (2020: 0.017 TCO₂e per tonne).

Energy Conservation

The board are fully aware of the importance on using energy as efficiently as possible. The group has taken measures over the last few years to improve energy efficiency, including the installation of LED lights in its offices, the acquisition of modern, more efficient pumps and the use of hybrid vehicles as company cars. The COVID pandemic over the last two years has resulted in our office staff spending more time working from home and in early 2020, the group invested in equipment for staff to enable them to do this efficiently and productively.

Directors' report (continued)
For the year ended 31 December 2021

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to 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.

Directors & officers indemnity

The directors and officers involved in the management of the group are insured against potential claims.

Future developments

The planned development of the group's five-acre site near Rugby commenced towards the end of the year. All three company sites will be centralised at this location, with the distillery, solvents operation and administrative offices all being located on this site. Parts of the site are expected to be in operation towards the end of 2023 or beginning of 2024. This development will bring efficiencies into our daily operations.

Financial instruments

The group has accumulated cash reserves to help fund the Rugby development. Other funding has been agreed in principle with the bank. The form this funding will take is currently being negotiated. The group owns its operational sites, which will act as security for this funding. Debtors and creditors are monitored to mitigate the effects of customers struggling to pay their debts and to ensure our suppliers are paid on time. The group has divested itself of its defined benefit pension scheme, in order to protect itself from exposure to various financial pressures, such as weak investment returns, wage inflation, price inflation, etc.

Disclosure 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 the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

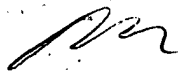
W.H. Palmer & Co. (Industries) Ltd

Directors' report (continued)
For the year ended 31 December 2021

Auditors

Under section 487(2) of the Companies Act 2006, Kreston Reeves LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.



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R C Evans

Director

Date: 18th May 2022

**Group strategic report
For the year ended 31 December 2021**

Introduction

The directors present their group strategic report for the year ended 31 December 2021.

Business review

2021 was the first year in recent history when the UK traded from outside the EU: Frictionless trade was the UK government's objective after Brexit and importing and exporting proved to be difficult in the first few weeks of the year. While cross-border trade has settled down to some extent, it is clearly not frictionless, with additional bureaucracy and regulatory compliance adding substantial costs to the task of importing and exporting. During the year, energy costs, refinery turnarounds and feedstock issues led to shortages of some of the products in which we trade resulting in increases to cost prices, which we were unable to absorb and ultimately had to be passed downstream to customers.

After an exceptional year last year, aided by the demand for alcohol products for hand sanitiser and surface wipe production, business was expected to drop away in 2021. Solvents sales by volume fell by 23%, with Distillery volumes falling by 14%. Despite this, the product shortages previously mentioned helped keep the fall in revenue to 13.6%. Gross margins of 28.6% led to a profit before tax of £3.4m. During the year, the first stage of passing of our defined benefit pension scheme to an insurer was completed, with the payment of a premium and the transfer of the scheme's assets and liabilities to Aviva. The legal work to wind up the pension fund will continue for most of 2022, at which point the Group will have no further responsibilities with regards to the scheme.

Towards the end of the year, the Group achieved the Ecovadis Gold award for ethical practices and sustainability. This highlights the Group's objective to constantly improve the way we trade with our customers, suppliers and staff, as reflected in our ISO accreditations for Environmental Practices, Health & Safety and Quality, and in the Group's ethical policies.

The Autumn was an exciting time for the Group, as ground was broken at our site in Rugby and our plans to develop that site into our main trading hub were set in motion. Ultimately, this site will hold our industrial warehouse, the Distillery and offices. Work is currently progressing well and we look forward to moving all our operations to that site over time.

The consolidated statement of comprehensive income for the year is set out on page 11.

Principal risks and uncertainties

The Group continues to seek new markets for its products and to improve on its business efficiencies, while monitoring the risks that affect its operations. These risks include:

1. Raw material availability, which is subject to global fluctuations in demand and refinery shutdowns by producers. The Group monitors the market closely and has developed good relationships with different global suppliers, in order to secure supply for its customers, even in times of product shortage.
2. Raw material pricing. As with many commodities, the market prices for many of our raw materials often fluctuate, in particular in line with supply and demand. We continue to monitor these prices closely to ensure that margin can still be made on every sale.
3. Foreign exchange currency fluctuations. The group buys and sells product in several major currencies, thereby mitigating our exposure to currency risk through a natural hedge.
4. Credit risk. In the current competitive market, the company faces pressure for extended credit while suppliers expect to be paid promptly, potentially exposing the group to credit risk, which is managed through robust credit control, monitoring procedures and close relationships with our customers.
5. Regulatory changes continue to impose increased obligations on the chemical industry, with Brexit increasing this burden. The Group has invested in regulatory staff and resources to ensure that our systems are continually improving and that the Group remains compliant with all relevant legislation.
6. Import and exporting now carry additional risk, as the effects of the UK leaving the EU have now had an impact. Increased bureaucracy with cross-border trade has led to increased costs and longer lead times for our clients.
7. The global political environment continues to provide uncertainty for business as the political systems in many countries appear to be moving towards a period of instability.

**Group strategic report (continued)
For the year ended 31 December 2021**

Financial key performance indicator

The group uses key performance indicators to help manage the business, including product volumes sold, sales order intake, turnover, gross margin, operating costs and profitability for each division, all of which are regularly reported on and reviewed.

Directors' statement of compliance with duty to promote the success of the Group

Company law requires the directors to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to:

- the likely consequences of any decision in the long term
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

The directors are required to explain the ways in which these objectives have been achieved. All members of the board are fully aware of their obligations under S172 of the Companies Act 2006 (the "Act") and these obligations are periodically discussed at board meetings. The aim of the Group Board is to create sustainable growth for the benefit of the all stakeholders, including customers, employees, shareholders and suppliers. Sustainable growth means that we have to ensure decisions taken now have a positive impact on the future of the business. We invest heavily in the recruitment of professional, qualified staff and in training for all our employees, including directors. Large projects are analysed with budgets or cashflow forecasts to confirm the positive impact on the success of the business.

The directors recognise that our employees are a major resource of the company and that they have a right to be treated fairly and to be rewarded fairly for the work they do. We look to improve the benefits offered to them, when we are able to do so. We feel that they should share in our success and, during profitable years, some of the Group's profits are distributed to employees. The Group is ISO registered for Occupational Health & Safety and directors take the health and safety of its employees, contractors and visitors very seriously. Each division has an employee-appointed Representative of Employee Safety to liaise with employees and promote health and safety excellence of the environment in which staff are working. The Group invests heavily in a renewal and maintenance program for capital equipment to ensure each site is efficient and a safe place for staff to work.

The Group prides itself on its standards of customer care. Our annual customer survey highlights areas in which we can make improvements and our annual management review analyses issues that have occurred, so that we can identify root causes and areas for improvement. The terms and conditions under which we trade with our customers are clearly defined on our website. Our suppliers are our business partners, with which we agree payment terms to which we adhere. Most of our suppliers are paid at the end of the month following the month that their invoices are raised.

Under our ISO registration on Environmental matters, we set environmental objectives which encourage us to reduce our environmental footprint. We work within set hours on sites where noise and our work could affect the living standards in residential areas around our sites. In its daily trading, the Group purchases, processes and sells a number of chemicals, some of which can have unpleasant effects if not handled properly. Our depot staff are fully conversant with the implications of improper product handling and are trained to deal with an incident involving any of our products.

**Group strategic report (continued)
For the year ended 31 December 2021**

Directors' statement of compliance with duty to promote the success of the Company (continued)

The business has ISO registrations in three areas, being Quality, Environmental and Occupational Health & Safety. The maintenance of these registrations requires the Company to meet the highest standards, which is expected from our customers and suppliers. Long term ISO registration requires continuous improvement, which is achieved through setting annual company objectives and submitting to audit in each of our registrations.

The directors are aware that not all shareholders will have the same objectives and that we have to act in an unbiased manner to ensure that no shareholder is treated more favourably than another and that we comply with s172 of the Act. Two shareholders are senior employees of the company and another is a non-executive. Other executive and non-executive directors are independent directors, owning no shares. This mix of directors, which provides a nurturing environment, encouraging board members to speak openly on any subject, is conducive to ensuring that decisions made at the highest level are taken with an independence of mind, for the benefit of the business and in the interests of all stakeholders.

This report was approved by the board and signed on its behalf.


.....

R C Evans

Director

Date: 18th May 2022

Independent auditors' report to the members of W.H. Palmer & Co. (Industries) Ltd

Opinion

We have audited the financial statements of W.H. Palmer & Co. (Industries) Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report to the members of W.H. Palmer & Co. (Industries) Ltd (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety transport of dangerous goods in particular. We considered the extent to which non-compliance might have a material effect on the financial statements.

Independent auditors' report to the members of W.H. Palmer & Co. (Industries) Ltd (continued)

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment properties, depreciation and valuation of the stock and bad debt provision. Audit procedures performed by the company engagement team included:

- Detailed discussions were held with management to identify any known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud.
 - Further assessment of the company's compliance with laws and regulations was undertaken by ensuring the engagement team were made aware of the identified laws and regulations to ensure they remained alert to any indications of non-compliance.
 - Assessment of identified fraud risk factors.
 - Testing of internal controls procedures relating to expenditure potentially more susceptible to fraud and other irregularities including cash and payroll.
 - Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud.
 - Reading minutes of meetings of those charged with governance and reviewing correspondence with relevant tax authorities.
 - Reviewing post year end cash received and credit notes raised in relation to year end trade debtors balances.
 - Checking and reperforming the reconciliation of key control activities.
 - Review of internal controls and physical inspection of tangible assets susceptible to fraud or irregularity.
 - Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.
 - Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions.
 - Confirmation of related parties with management, and review of transaction throughout the period to any previously undisclosed transactions with related parties outside the normal course of business.
 - Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud.
- Challenging assumptions and judgements made by management in its significant accounting estimates.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent auditors' report to the members of W.H. Palmer & Co. (Industries) Ltd (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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.

Kreston Reeves LLP

Anne Dwyer BSc(Hons) FCA (Senior statutory auditor)
for and on behalf of
Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
London
Date: *19 May 2022*

W.H. Palmer & Co. (Industries) Ltd

**Consolidated statement of comprehensive income
For the year ended 31 December 2021**

	Note	2021 £	2020 £
Turnover	4	36,856,624	42,676,893
Cost of sales		(26,297,067)	(28,995,600)
Gross profit		10,559,557	13,681,293
Distribution costs		(4,268,511)	(4,640,099)
Administrative expenses		(3,045,769)	(4,479,047)
Other operating income	5	150,000	-
Operating profit	6	3,395,277	4,562,147
Interest receivable and similar income	10	27,658	41,566
Interest payable and expenses	11	-	(23)
Other finance income	12	17,000	22,000
Profit before taxation		3,439,935	4,625,690
Tax on profit	13	(928,811)	(989,382)
Profit for the financial year		2,511,124	3,636,308
Actuarial (losses)/gains on defined benefit pension scheme		(1,269,000)	401,000
Pension surplus not recognised		1,212,000	(353,000)
Other comprehensive income for the year		(57,000)	48,000
Total comprehensive income for the year		2,454,124	3,684,308

There were no recognised gains and losses for 2021 or 2020 other than those included in the consolidated statement of comprehensive income.


The notes on pages 18 to 40 form part of these financial statements.

W.H. Palmer & Co. (Industries) Ltd
Registered number: 00727228


Consolidated balance sheet
As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	24,713	28,067
Tangible assets	15	6,073,436	5,236,855
Investments	16	1,000	1,000
Investment property	17	1,200,000	1,050,000
		<u>7,299,149</u>	<u>6,315,922</u>
Current assets			
Stocks	18	3,481,663	3,023,282
Debtors: amounts falling due within one year	19	6,385,849	6,012,019
Cash at bank and in hand	20	16,391,723	17,263,010
		<u>26,259,235</u>	<u>26,298,311</u>
Creditors: amounts falling due within one year	21	(5,362,579)	(6,142,079)
Net current assets		<u>20,896,656</u>	<u>20,156,232</u>
Total assets less current liabilities		<u>28,195,805</u>	<u>26,472,154</u>
Provisions for liabilities			
Deferred taxation	22	(924,029)	(677,430)
Other provisions	23	(497,928)	(875,000)
		<u>(1,421,957)</u>	<u>(1,552,430)</u>
Net assets		<u><u>26,773,848</u></u>	<u><u>24,919,724</u></u>
Capital and reserves			
Called up share capital	26	100,000	100,000
Revaluation reserve	25	1,074,806	1,090,806
Investment property reserve	25	972,688	822,688
Profit and loss account	25	24,626,354	22,906,230
		<u><u>26,773,848</u></u>	<u><u>24,919,724</u></u>

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



A J Wallis
 Director
 Date: 18th May 2022



R C Evans
 Director
 Date: 18th May 2022


The notes on pages 18 to 40 form part of these financial statements.

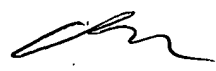
W.H. Palmer & Co. (Industries) Ltd
Registered number: 00727228

Company balance sheet
As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	24,713	28,067
Tangible assets	15	4,631,639	3,718,511
Investments	16	160,850	160,850
Investment property	17	1,200,000	1,050,000
		<u>6,017,202</u>	<u>4,957,428</u>
Current assets			
Debtors: amounts falling due within one year	19	4,267,132	872,719
Cash at bank and in hand	20	21,192	52,643
		<u>4,288,324</u>	<u>925,362</u>
Creditors: amounts falling due within one year	21	(573,561)	(84,740)
Net current assets		<u>3,714,763</u>	<u>840,622</u>
Total assets less current liabilities		<u>9,731,965</u>	<u>5,798,050</u>
Provisions for liabilities			
Deferred taxation	22	(655,466)	(469,654)
		<u>(655,466)</u>	<u>(469,654)</u>
Net assets excluding pension asset		<u>9,076,499</u>	<u>5,328,396</u>
Net assets		<u>9,076,499</u>	<u>5,328,396</u>
Capital and reserves			
Called up share capital	26	100,000	100,000
Revaluation reserve	25	1,074,806	1,090,806
Investment property reserve	25	972,688	822,688
Profit and loss account		6,929,005	3,314,902
		<u>9,076,499</u>	<u>5,328,396</u>

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


A J Wallis
Director 18th May 2022


R C Evans
Director 18th May 2022

The notes on pages 18 to 40 form part of these financial statements.

W.H. Palmer & Co. (Industries) Ltd

**Consolidated statement of changes in equity
For the year ended 31 December 2021**

	Called up share capital	Revaluation reserve	Investment property revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2021	100,000	1,090,806	822,688	22,906,230	24,919,724
Comprehensive income for the year					
Profit for the year	-	-	-	2,511,124	2,511,124
Actuarial losses on pension scheme	-	-	-	(57,000)	(57,000)
Dividends: Equity capital	-	-	-	(600,000)	(600,000)
Transfer to/(from) profit and loss account	-	(16,000)	150,000	(134,000)	-
At 31 December 2021	100,000	1,074,806	972,688	24,626,354	26,773,848

**Consolidated statement of changes in equity
For the year ended 31 December 2020**

	Called up share capital	Revaluation reserve	Investment property revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	100,000	1,106,806	822,688	20,405,922	22,435,416
Comprehensive income for the year					
Profit for the year	-	-	-	3,636,308	3,636,308
Actuarial gains on pension scheme	-	-	-	48,000	48,000
Dividends: Equity capital	-	-	-	(1,200,000)	(1,200,000)
Transfer to/(from) profit and loss account	-	(16,000)	-	16,000	-
At 31 December 2020	100,000	1,090,806	822,688	22,906,230	24,919,724

W.H. Palmer & Co. (Industries) Ltd

**Company statement of changes in equity
For the year ended 31 December 2021**

	Called up share capital	Revaluation reserve	Investment property revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2021	100,000	1,090,806	822,688	3,314,902	5,328,396
Comprehensive income for the year					
Profit for the year	-	-	-	4,348,103	4,348,103
Dividends: Equity capital	-	-	-	(600,000)	(600,000)
Transfers to/ (from) Profit and loss account	-	(16,000)	150,000	(134,000)	-
At 31 December 2021	100,000	1,074,806	972,688	6,929,005	9,076,499

**Company statement of changes in equity
For the year ended 31 December 2020**

	Called up share capital	Revaluation reserve	Investment property revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	100,000	1,106,806	822,688	3,553,636	5,583,130
Comprehensive income for the year					
Profit for the year	-	-	-	945,266	945,266
Dividends: Equity capital	-	-	-	(1,200,000)	(1,200,000)
Transfers to/ (from) Profit and loss account	-	(16,000)	-	16,000	-
At 31 December 2020	100,000	1,090,806	822,688	3,314,902	5,328,396

W.H. Palmer & Co. (Industries) Ltd

**Consolidated statement of cash flows
For the year ended 31 December 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	2,511,124	3,636,308
Adjustments for:		
Amortisation of intangible assets	4,718	12,486
Depreciation of tangible assets	437,223	411,306
Impairments of fixed assets	321,485	317,262
Loss on disposal of tangible assets	-	(6,289)
Loss on disposal of tangible assets	(3,375)	-
Interest paid	-	23
Interest received	(27,658)	(41,566)
Taxation charge	928,811	989,382
(Increase) in stocks	(458,381)	(1,133,941)
(Increase) in debtors	(373,830)	(568,693)
(Decrease)/increase in creditors	(670,080)	1,751,975
(Decrease)/increase in provisions	(377,072)	850,000
Revaluation (gains)/losses on investment properties	(150,000)	-
Corporation tax (paid)	(791,632)	(815,770)
Defined benefit pension contribution paid	(40,000)	(400,000)
Income from pension scheme	(17,000)	(22,000)
Past service cost	-	470,000
Net cash generated from operating activities	1,294,333	5,450,483
Cash flows from investing activities		
Purchase of intangible fixed assets	(1,364)	-
Purchase of tangible fixed assets	(1,616,764)	(840,679)
Sale of tangible fixed assets	24,850	31,417
Interest received	27,658	41,566
Net cash from investing activities	(1,565,620)	(767,696)
Cash flows from financing activities		
Dividends paid	(600,000)	(1,200,000)
Interest paid	-	(23)
Net cash used in financing activities	(600,000)	(1,200,023)
Net (decrease)/increase in cash and cash equivalents	(871,287)	3,482,764
Cash and cash equivalents at beginning of year	17,263,010	13,780,246
Cash and cash equivalents at the end of year	16,391,723	17,263,010

W.H. Palmer & Co. (Industries) Ltd

Consolidated statement of cash flows (continued)
For the year ended 31 December 2021

	2021 £	2020 £
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>16,391,723</u>	<u>17,263,010</u>

Consolidated analysis of net debt
For the year ended 31 December 2021

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	17,263,010	(871,287)	16,391,723
	<u>17,263,010</u>	<u>(871,287)</u>	<u>16,391,723</u>

**Notes to the financial statements
For the year ended 31 December 2021**

1. General Information.

W.H.Palmer & Co. (Industries) Ltd is a private company, limited by shares, incorporated and domiciled in England and Wales. The address of its registered office and principal place of business is Charringtons House, The Causeway, Bishop's Stortford, Hertfordshire, CM23 2ER. Details of the principal activity of the company are included in the directors report on page 1.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

2.2 Basis of consolidation

The consolidated financial statements present the results of W.H. Palmer & Co. (Industries) Limited and its own subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

2.3 Turnover

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

Rental income is charged on an accruals basis.

2.4 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.5 Current and deferred taxation

Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current Taxation

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the balance sheet date in the countries where the Group operates and generates income.

**Notes to the financial statements
For the year ended 31 December 2021**

2. Accounting policies (continued)

2.5 Current and deferred taxation (continued)

Deferred Taxation

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Trademarks	-	10	years
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Trademarks are amortised on a straight line basis to the Consolidated statement of comprehensive income over their useful lives.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

**Notes to the financial statements
For the year ended 31 December 2021**

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Depreciation on assets in the course of construction will not commence until the asset is ready for use.

2.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted shares, which have been classified as fixed asset investments as the Group intends to hold them on a continuing basis, are measured at cost less provision for impairment as fair value cannot be reliably measured. Provisions for impairment are recognised in the Consolidated statement of comprehensive income for the period.

2.10 Investment property

Investment property is carried at fair value determined annually by directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated statement of comprehensive income.

**Notes to the financial statements
For the year ended 31 December 2021**

2. Accounting policies (continued)

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Consolidated statement of comprehensive income.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 125 days.

2.13 Dividends

Equity dividends are recognised when they become legally payable.

2.14 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

2.15 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is pounds sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.16 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

**Notes to the financial statements
For the year ended 31 December 2021**

2. Accounting policies (continued)

2.16 Pensions (continued)

Defined benefit pension plan

The Group operates a defined benefit pension scheme for certain employees and the pension charge is based on a full actuarial valuation dated 31 May 2020. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

The surplus is not recognised in the Consolidated balance sheet as there are no plans to recover it through reduced contributions or through refunds from the plan. The surplus is the fair value of the plan assets less the present value of the defined benefit obligation at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is recognised in the Consolidated statement of comprehensive income as 'Finance income/(expense)'.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below:

Accruals (Note 21)

The directors make judgements based on experience on the level of provision required to account for unbilled invoices. At the balance sheet date the group has recognised £746,112 (2020: £990,712) and the company has recognised £636,887 (2020: £916,552) in respect of unbilled invoices which has been included in accruals and deferred income in Note 19 to these financial statements.

Bad debt provision (Note 19)

The directors make judgements based on experience on the level of provision required to account for potential unpaid receivables. At the balance sheet date the group has recognised £81,908 (2020: £44,255) and the company has recognised £Nil (2020: £Nil) in respect to potential unpaid receivables which has been included in trade debtors in Note 17 of these financial statements.

Notes to the financial statements
For the year ended 31 December 2021

3. Judgments in applying accounting policies (continued)

Intercompany management fee

Timesheet records are not kept therefore management assess an estimate of how much time is spent by employees on work for Trithin Products Limited. The time spent equates to £110,000 (2020: £80,000) of employees wages and salaries. This is considered to be accurate, however it includes an element of estimation technique.

Defined benefit pension scheme (Note 29)

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. The deferred tax that arises as a result of the surplus in the year has not been recognised because the surplus is not going to result in a repayment of contributions or reduced future contributions. The defined benefit pension scheme asset not accounted for in the financial statements at year end is £21,000 (2020: £1,233,000).

RDBS buyout provision (Note 23)

The Group has provided for an amount of £472,928 (2020: £850,000) for the buyout of the RDBS pension scheme. This amount is an estimate based on a valuation calculated by AON and will depend upon the value of the assets and liabilities at the date of sale.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Distillation of gin and the sourcing, packing and distribution of solvents and alcohol products	36,812,558	42,650,434
Rental income	44,066	26,459
	36,856,624	42,676,893

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	30,756,669	35,657,339
Rest of the world	6,099,955	7,019,554
	36,856,624	42,676,893

W.H. Palmer & Co. (Industries) Ltd

**Notes to the financial statements
For the year ended 31 December 2021**

5. Other operating income

	2021 £	2020 £
Revaluation gains/(losses) on investment properties	150,000	-

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	437,223	411,306
Impairment of tangible fixed assets	321,485	317,262
Amortisation of intangible assets, including goodwill	4,718	12,486
Exchange differences	11,320	(16,592)
Other operating lease rentals	99,899	99,803
Defined contribution pension cost	106,931	101,705

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	40,000	38,400

Fees payable to the Group's auditor in respect of:

The auditing of accounts of the company pursuant to legislation	6,100	5,800
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Notes to the financial statements
For the year ended 31 December 2021

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Directors fees	2,443,290	2,460,100	17,833	18,000
Social security costs	269,355	288,041	1,656	1,656
Cost of defined contribution scheme	106,932	101,705	-	-
	2,819,577	2,849,846	19,489	19,656

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

	2021 No.	2020 No.
Administration and management	21	17
Operational, selling and distribution	47	46
	68	63

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	452,581	455,936
Company contributions to defined contribution pension schemes	46,104	59,497
	498,685	515,433

The highest paid director received remuneration of £207,322 (2020: £217,846) comprising of cash totalling £173,042 (2020: £157,500) and benefits in kind and other remuneration totalling £34,280 (2020: £60,346).

The annual accrued entitlement under defined benefit pension schemes in respect of the highest paid director amounted to £32,922 (2020: £28,624). The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £13,854 (2020: £40,500).

During the year retirement benefits were accruing to 3 directors (2020: 3) in respect of defined contribution pensions schemes, retirement benefits were accruing to 1 director (2020: 1) in respect of defined benefit pension schemes.

W.H. Palmer & Co. (Industries) Ltd

**Notes to the financial statements
For the year ended 31 December 2021**

10. Interest receivable

	2021 £	2020 £
Bank interest receivable	<u>27,658</u>	<u>41,566</u>

11. Interest payable and similar expenses

	2021 £	2020 £
Other interest payable	<u>-</u>	<u>23</u>

12. Other finance income

	2021 £	2020 £
Interest income on pension scheme assets	105,000	138,000
Net interest on net defined benefit scheme	(88,000)	(116,000)
	<u>17,000</u>	<u>22,000</u>

13. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	682,212	921,632
Adjustments in respect of previous periods	-	6,816
Total current tax	<u>682,212</u>	<u>928,448</u>
Deferred tax		
Origination and reversal of timing differences	246,599	60,934
Taxation on profit on ordinary activities	<u>928,811</u>	<u>989,382</u>

Notes to the financial statements
For the year ended 31 December 2021

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>3,439,935</u>	<u>4,625,690</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	653,587	878,881
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8,556	166,741
Capital allowances for year in excess of depreciation	(1,018)	(42,601)
Adjustments to tax charge in respect of prior periods	-	6,816
Other timing differences leading to an increase (decrease) in taxation	-	(14)
Tangible fixed assets impairment	61,082	-
Non-taxable income	(28,500)	-
Book profit on chargeable assets	(641)	(1,195)
Changes in provisions leading to an increase (decrease) in the tax charge	(24)	-
Pension contribution paid	(7,600)	(76,000)
Pension scheme finance income	(3,230)	(4,180)
Deferred tax movement	246,599	60,934
Total tax charge for the year	<u><u>928,811</u></u>	<u><u>989,382</u></u>

Factors that may affect future tax charges

Following the end of the accounting period, UK Budget 2021 announced the increase of the rate of corporation tax that will apply for financial year 2023 onwards from 19% to 25% (on taxable profits above £250,000). This change in tax rate will also impact the company's accounting for deferred tax which would lead to an increase the provision recognised in the financial statements.

Notes to the financial statements
For the year ended 31 December 2021

14. Intangible assets

Group

	Trademarks £	Goodwill £	Total £
Cost			
At 1 January 2021	45,814	7,905	53,719
Additions	1,364	-	1,364
At 31 December 2021	47,178	7,905	55,083
Amortisation			
At 1 January 2021	17,747	7,905	25,652
Charge for the year on owned assets	4,718	-	4,718
At 31 December 2021	22,465	7,905	30,370
Net book value			
At 31 December 2021	24,713	-	24,713
At 31 December 2020	28,067	-	28,067

W.H. Palmer & Co. (Industries) Ltd

**Notes to the financial statements
For the year ended 31 December 2021**

14. Intangible assets (continued)

Company

	Trademarks £
Cost	
At 1 January 2021	45,814
Additions	1,364
At 31 December 2021	47,178
Amortisation	
At 1 January 2021	17,747
Charge for the year	4,718
At 31 December 2021	22,465
Net book value	
At 31 December 2021	24,713
At 31 December 2020	28,067

W.H. Palmer & Co. (Industries) Ltd

Notes to the financial statements
For the year ended 31 December 2021

15. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Assets under the course of construction £	Total £
Cost or valuation							
At 1 January 2021	3,082,278	161,579	3,609,680	430,277	511,916	1,192,995	8,988,725
Additions	-	61,913	194,385	77,825	32,028	1,250,613	1,616,764
Disposals	-	-	-	(67,919)	-	-	(67,919)
At 31 December 2021	3,082,278	223,492	3,804,065	440,183	543,944	2,443,608	10,537,570
Depreciation							
At 1 January 2021	64,000	147,218	2,632,912	239,858	350,620	317,262	3,751,870
Charge for the year on owned assets	16,000	2,966	242,102	73,947	102,208	-	437,223
Disposals	-	-	-	(46,444)	-	-	(46,444)
Impairment charge	-	-	-	-	-	321,485	321,485
At 31 December 2021	80,000	150,184	2,875,014	267,361	452,828	638,747	4,464,134
Net book value							
At 31 December 2021	3,002,278	73,308	929,051	172,822	91,116	1,804,861	6,073,436
At 31 December 2020	3,018,278	14,361	976,768	190,419	161,296	875,733	5,236,855

Notes to the financial statements
For the year ended 31 December 2021

15. Tangible fixed assets (continued)

Assets under the course of construction have been impaired by £321,485 (2020: £317,262) due to the necessary duplication of some costs attributable to the development of the site as Rugby.

Included within Freehold property are land and buildings held at deemed cost less depreciation of £1,940,000 (2020: £1,956,000). If the land and buildings had not been included at valuation they would have been included under the historical cost convention at a cost of £947,065 (2020: £947,065), less depreciation of £363,278 (2020: £347,278).

Company

	Freehold property £	Assets in the course of construction £	Total £
Cost or valuation			
At 1 January 2021	3,082,278	1,017,495	4,099,773
Additions	-	1,250,613	1,250,613
At 31 December 2021	3,082,278	2,268,108	5,350,386
Depreciation			
At 1 January 2021	64,000	317,262	381,262
Charge for the year on owned assets	16,000	-	16,000
Impairment charge	-	321,485	321,485
At 31 December 2021	80,000	638,747	718,747
Net book value			
At 31 December 2021	3,002,278	1,629,361	4,631,639
At 31 December 2020	3,018,278	700,233	3,718,511

Assets under the course of construction have been impaired £317,262 due to the necessary duplication of some costs attributable to the development of the site as Rugby.

Included within Freehold property are land and buildings held at deemed cost less depreciation of £1,940,000 (2020: £1,956,000). If the land and buildings had not been included at valuation they would have been included under the historical cost convention at a cost of £947,065 (2020: £947,065), less depreciation of £363,278 (2020: £347,278).

W.H. Palmer & Co. (Industries) Ltd

**Notes to the financial statements
For the year ended 31 December 2021**

16. Fixed asset investments

Group

**Unlisted
investments
£**

Cost

At 1 January 2021 and at 31 December 2021

63,394

Impairment

At 1 January 2021 and at 31 December 2021

62,394

Net book value

At 31 December 2021

1,000

At 31 December 2020

1,000

Company

**Trade
investments
£**

At 1 January 2021 and 31 December 2021

160,850

Net book value

At 31 December 2021

160,850

At 31 December 2020

160,850

Notes to the financial statements
For the year ended 31 December 2021

16. Fixed asset investments (continued)

Name	Principal activity	Class of shares	Holding
Alcohols Limited	The distillation of gin and the sourcing, packing and distribution of solvent and alcohol products	1,000 Ordinary shares of £1 each	100%
Trithin Products Limited	Export of chemical products	100 Ordinary shares of £1 each	100%
Alcohols (North West) Limited	Dormant	100,000 Ordinary shares of £1 each	100%
Lang-Met Distillers Limited	Dormant	25,000 Ordinary shares of £1 each	100%
Langley Distillery Limited	Dormant	5,000 Ordinary shares of £1 each	100%

The registered office of all subsidiaries is Charringtons House, The Causeway, Bishops Stortford, Herts, CM23 2ER.

17. Investment property

Group

	Freehold investment property £
Valuation	
At 1 January 2021	1,050,000
Surplus on revaluation	150,000
At 31 December 2021	1,200,000

The 2021 valuations were made by the directors, on an open market value for existing use basis.

Company

	Freehold investment property £
Valuation	
At 1 January 2021	1,050,000
Surplus on revaluation	150,000
At 31 December 2021	1,200,000

The 2021 valuations were made by the directors, on an open market value for existing use basis.

W.H. Palmer & Co. (Industries) Ltd

**Notes to the financial statements
For the year ended 31 December 2021**

18. Stocks

	Group 2021 £	Group 2020 £
Stocks and goods for resale	3,481,663	3,023,282

19. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	5,943,952	5,687,540	-	-
Amounts owed by group undertakings	-	-	4,191,352	853,399
Other debtors	80,138	31,598	68,010	14,033
Prepayments and accrued income	361,759	292,881	7,770	5,287
	6,385,849	6,012,019	4,267,132	872,719

20. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	16,391,723	17,263,010	21,192	52,643

21. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Payments received on account	661,034	437,554	-	-
Trade creditors	2,834,503	3,915,410	8,650	26,472
Corporation tax	312,212	421,632	33,528	30,869
Other taxation and social security	256,933	318,038	-	-
Other creditors	20,402	31,334	-	-
Accruals	1,277,495	1,018,111	531,383	27,399
	5,362,579	6,142,079	573,561	84,740

Notes to the financial statements
For the year ended 31 December 2021

22. Deferred taxation

Group

	2021 £
Deferred tax liability	
At beginning of year	(677,430)
Charged to profit or loss	(246,599)
At end of year	(924,029)

Company

	2021 £
At beginning of year	(469,654)
Charged to profit or loss	(185,812)
At end of year	(655,466)

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Accelerated capital allowances	(274,846)	(212,551)	-	-
Short term timing differences	(6,283)	(4,775)	-	-
Fair value adjustments	655,466	469,654	655,466	469,654
	924,029	677,430	655,466	469,654

23. Provisions

Group

	Dilapidation provision £	RDBS buyout provision £	Total £
At 1 January 2021	25,000	850,000	875,000
Charged to profit or loss	-	(377,072)	(377,072)
At 31 December 2021	25,000	472,928	497,928

**Notes to the financial statements
For the year ended 31 December 2021**

24. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £4,348,103 (2020 - £945,266).

25. Reserves

Share capital

This represents the nominal value of shares that have been issued by the company.

Revaluation reserve

This reserve is used to record increases in the fair value of land and buildings, less any related provision for deferred tax.

Investment property revaluation reserve

To assist with the identification of profits available for distribution this reserve represents changes in the fair value of the company's investment properties to the extent that they are not considered to be distributable to the company's shareholders, less any related provision for deferred tax.

Profit and loss account

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the company's shareholders.

26. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
100,000 (2020 - 100,000) Ordinary shares of £1.00 each	<u>100,000</u>	<u>100,000</u>

27. Dividends

	2021 £	2020 £
Final dividends paid on equity capital of £6 (2020: £12) per share	<u>600,000</u>	<u>1,200,000</u>
	<u>600,000</u>	<u>1,200,000</u>

**Notes to the financial statements
For the year ended 31 December 2021**

28. Capital commitments

At 31 December 2021 the Group and Company had capital commitments as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Contracted for but not provided in these financial statements	9,013,843	142,370	8,944,935	-

29. Pension commitments

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 £106,931 (2020: £101,705). At the year end, £Nil (2020: £128) remained unpaid.

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 other assets is broadly the current interest rate set by the Bank of England.

Reconciliation of present value of plan assets:

	2021 £	2020 £
Interest income	17,000	22,000
Actuarial (losses)/gains	(1,269,000)	401,000
Past service cost	-	(470,000)
Derecognition of surplus	1,212,000	(353,000)
At the end of the year	(40,000)	(400,000)

Composition of plan assets:

	2021 £	2020 £
Other plan assets	5,803,000	7,643,000

	2021 £	2020 £
Fair value of plan assets	(40,000)	(400,000)
Present value of plan liabilities	40,000	400,000
Net pension scheme liability	-	-

Notes to the financial statements
For the year ended 31 December 2021

29. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2021 £	2020 £
Interest on obligation	(88,000)	(116,000)
Interest income on plan assets	105,000	138,000
Total	17,000	22,000

Reconciliation of fair value of plan liabilities were as follows:

	2021 £	2020 £
Opening defined benefit obligation	6,410,000	5,987,000
Interest cost	88,000	116,000
Actuarial (gains)/losses	(432,000)	153,000
Past service costs	-	470,000
Benefits paid	(284,000)	(316,000)
Closing defined benefit obligation	5,782,000	6,410,000

Reconciliation of fair value of plan assets were as follows:

	2021 £	2020 £
Opening fair value of scheme assets	7,643,000	6,867,000
Interest income	105,000	138,000
Actuarial (losses)/gains	(1,701,000)	554,000
Contributions by employer	40,000	400,000
Benefits paid	(284,000)	(316,000)
	5,803,000	7,643,000

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was a loss of £1,269,000 (2020 - gain £401,000).

Notes to the financial statements
For the year ended 31 December 2021

29. Pension commitments (continued)

The Group expects to contribute £Nil to its Defined benefit pension scheme in 2022.

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

	2021 %/years	2020 %/years
Discount rate	2.00	1.40
Future salary increases	2.55	2.15
Future pension increases post April 1997	3.10	2.80
CPI inflation	2.55	2.15
Price inflation	3.20	2.80
Mortality rates		
- for a male aged 65 now	22 years	22 years
- at 65 for a male aged 45 now	23 years	23 years
- for a female aged 65 now	24 years	24 years
- at 65 for a female member aged 45 now	25 years	25 years

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2021 £	2020 £	2019 £	2018 £	2017 £
Defined benefit obligation	(5,782,000)	(6,410,000)	(5,987,000)	(5,788,000)	(6,301,000)
Scheme assets	5,803,000	7,643,000	6,867,000	6,608,000	6,891,000
Surplus	21,000	1,233,000	880,000	820,000	590,000
Experience adjustments on scheme liabilities	(6,000)	44,000	11,000	(11,000)	86,000
Experience adjustments on scheme assets	(1,701,000)	554,000	557,000	(316,000)	247,000
	(1,707,000)	598,000	568,000	(327,000)	333,000

Notes to the financial statements
For the year ended 31 December 2021

30. Commitments under operating leases

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £
Not later than 1 year	-	6,313
	<u>-</u>	<u>6,313</u>

The Company had no commitments under non-cancellable operating leases at the balance sheet date.

31. Contingent liabilities

VAT group

The company forms a VAT group with Alcohols Limited and Trithin Products Limited and as such is jointly and severally liable for any liabilities as they fall due. No provision has been made because the directors consider that all parties have the financial resources to meet the liability as it falls due and it is therefore unlikely that this company will incur any additional liability. The total VAT liability not recognised in the company accounts of W.H. Palmer & Co. (Industries) Ltd is £171,385 (2020: £230,916). The full VAT liability is recognised in the group figures for 'Other taxation and social security' in Note 21 Creditors: amounts falling due within one year.

Roll over relief on corporation tax charge

Following serious damage from a fire in 2012 at the West Midlands site, a roll over relief claim for corporation tax was made. In line with the rules for claiming roll over relief sufficient funds had not been spent on the 5 acre site purchased for the development and centralisation of group activities within 3 years. Having taken professional advice, the directors understand that their extended circumstances will be taken into account and HMRC will be lenient in extending the time limits, as such no provision for additional corporation tax liability has been made in these financial statements. The maximum unprovided corporation tax liability is £417,134 (2020: £417,134) plus accruing interest of £79,293 (2020: £66,779).

32. Transactions with directors

During the year, the company paid dividends totalling £103,584 (2020: £575,652) to directors and their close family.

During the year the group paid £12,000 (2020: £12,000) to a non-executive director of Alcohols Limited for consultancy services. At the balance sheet date £Nil (2020: £3,000) was outstanding.