Registered number: 00727228

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

Annual report and financial statements

For the year ended 31 December 2020

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 M H Colling
Registered number	00727228
Registered office	Charringtons House The Causeway Bishop's Stortford Hertfordshire CM23 2ER
Independent auditors	Kreston Reeves LLP Chartered Accountants & Statutory Auditor Third Floor 24 Chiswell Street London EC1Y 4YX

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

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

Directors' report
For the year ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

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
M H Colling

Results and dividends

The profit for the year, after taxation, amounted to £3,636,308 *(2019: £2,852,724)*.

Ordinary dividends amounting to £1,200,000 (2019: £275,000) were paid during the year. The directors have introduced a dividend policy, which provides a meaningful return for the shareholders, while ensuring sufficient funds remain available to support expansion and development plans.

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.

Directors' report (continued)
For the year ended 31 December 2020

Future developments

Since the year end the group has continued to concentrate on further development of its core activities of chemical distribution both in the UK and overseas and gin distillation. Plans continue to progress for a 5 acre site purchased for the development and centralisation of group activities for which funding has been agreed in principle. Future development plans for expansion would result from the marketing strategy or acquisition of any business complimentary to its core activities.

Financial instruments

The group has adequate cash reserves to finance its trading activities and has no immediate requirement for outside finance to fund its day to day activities. The level of both debtors and creditors are constantly monitored to safeguard cash reserves. Low interest rates result in meagre investment returns. The group's defined benefit pension scheme is adequately funded with contributions continuing at a rate designed to minimise the risk of the scheme slipping into deficit.

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.

Auditors

The auditors, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

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R C Evans
Director
Date: 18th May 2021

Group strategic report
For the year ended 31 December 2020

Introduction

The directors present their group strategic report for the year ended 31 December 2020.

Business review

It is fair to say that 2020 was a year like no other for business across the UK and globally. The Brexit transition period ended on December 31st and the impact of that will be noticed more in 2021. But the effect of the global Coronavirus pandemic has been felt throughout almost all of 2020. The most noticeable effect for the Group, was the huge increase in demand for alcohol-based hand sanitiser and surface wipes during the first UK Lockdown in Quarter 2. It quickly became clear that supply could not meet demand and the price of certain raw materials doubled or even tripled in two months. As a major supplier of alcohol to the commercial sector, the Group found itself under extreme pressure to meet the increasing demand from its long-standing and even new clients. At various points, demand was so high, that supplies to downstream users had to be allocated. Due to these effects of the Coronavirus pandemic, volumes of product sold in the Group's industrial division increased by 26%. Within our Distillery division, while volumes of product also increased during the year (in this case by 16%), the uplift came in sales of raw alcohol, which carried a low margin, while sales of processed gin fell. For the Group, turnover increased by 30.8% to £42.7m, with gross margin increasing to 32.1% (2019: 30.2%). The £1.2m increase in operating profit was driven by the increased volumes in our Industrial division. While the Group maintains an actuarial surplus in its defined benefit pension scheme, a large provision has been made in the accounts, representing the premium payable to an insurer to remove all future obligations in relation to the scheme. It is expected that the buy-out will be finalised during 2021.

With regards to Brexit, by early 2021 it has become clear that frictionless trade, the ideal we are aiming for, has not yet been achieved. Many teething problems have been resolved, but others are harder to overcome. The implications of Brexit remain challenging for importing/exporting and for regulatory compliance on such key issues as UK Reach registration.

The group's Occupational Health and Safety, Quality and Environmental Management Systems are all ISO accredited. They support our business activities and enhance our customer service, while protecting our employees, the public and the environment. Progress continued to be made during the year to move our Quality and Environmental management systems towards full 45001 compliance, which was eventually achieved in early 2021.

We have been running with our new ERP system for 18 months and it has bedded in well. Changes have been made to improve reporting and enhance the automation of certain transactions. This is all part of the on-going, long term ERP development program of continuous improvement.

The Consolidated statement of comprehensive income for the year is set out on page 10.

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 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.
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 managing this 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. These procedures will be particularly important when customers start to trade at normal capacities again as we come out of the pandemic restrictions.

Principal risks and uncertainties (continued)

5. Regulatory changes continue to impose an increased burden on the chemical industry. 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. Customs delays are still continuing, but these are improving as teething problems are ironed out.
7. The political environment in our key markets continues to give uncertainty for business.

Financial key performance indicators

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 2020

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.

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R C Evans
Director
Date: 13th May 2021.

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 2020, 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 2020 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 1, 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.

Auditors' responsibilities for the audit of the financial statements (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 inapproprate 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 debtor 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 transactions 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 judgments 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)

Auditors' responsibilities for the audit of the financial statements (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: 25 May 2021

Consolidated statement of comprehensive income
For the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	**42,676,893**	*32,628,757*
Cost of sales		**(28,995,600)**	*(22,796,872)*
Gross profit		**13,681,293**	*9,831,885*
Distribution costs		**(4,640,099)**	*(4,206,150)*
Administrative expenses		**(4,479,047)**	*(2,275,884)*
Operating profit	5	**4,562,147**	*3,349,851*
Interest receivable and similar income	9	**41,566**	*74,954*
Interest payable and expenses	10	**(23)**	*(53)*
Other finance income	11	**22,000**	*28,000*
Profit before taxation		**4,625,690**	*3,452,752*
Tax on profit	12	**(989,382)**	*(600,028)*
Profit for the financial year		**3,636,308**	*2,852,724*
Actuarial gains/(losses) on defined benefit pension scheme	29	**401,000**	*(228,000)*
Pension surplus not recognised	29	**(353,000)**	*(60,000)*
Other comprehensive income for the year		**48,000**	*(288,000)*
Total comprehensive income for the year		**3,684,308**	*2,564,724*

There were no recognised gains and losses for 2020 or 2019 other than those included in the consolidated statement of comprehensive income.

The notes on pages 17 to 39 form part of these financial statements.

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

Consolidated balance sheet
As at 31 December 2020

	Note		2020 £		2019 £
Fixed assets					
Intangible assets	13		28,067		40,553
Tangible assets	14		5,236,855		5,149,872
Investments	15		1,000		1,000
Investment property	16		1,050,000		1,050,000
			6,315,922		6,241,425
Current assets					
Stocks	17	3,023,282		1,889,341	
Debtors: amounts falling due within one year	18	6,012,019		5,443,326	
Cash at bank and in hand	19	17,263,010		13,780,246	
		26,298,311		21,112,913	
Creditors: amounts falling due within one year	20	(6,142,079)		(4,277,426)	
Net current assets			20,156,232		16,835,487
Total assets less current liabilities			26,472,154		23,076,912
Provisions for liabilities					
Deferred taxation	22	(677,430)		(616,496)	
Other provisions	23	(875,000)		(25,000)	
			(1,552,430)		(641,496)
Net assets			24,919,724		22,435,416
Capital and reserves					
Called up share capital	25,26		100,000		100,000
Revaluation reserve	25		1,090,806		1,106,806
Investment property reserve	25		822,688		822,688
Profit and loss account	25		22,906,230		20,405,922
			24,919,724		22,435,416

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

A J Wallis	R C Evans
Director	Director
Date: 18th May 2021	Date: 18th May 2021

The notes on pages 17 to 39 form part of these financial statements.

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

Company balance sheet
As at 31 December 2020

	Note		2020 £		2019 £
Fixed assets					
Intangible assets	13		28,067		32.648
Tangible assets	14		3,718,511		3,763,054
Investments	15		160,850		160,850
Investment property	16		1,050,000		1,050,000
			4,957,428		5,006.552
Current assets					
Debtors: amounts falling due within one year	18	872,719		1,080,787	
Cash at bank and in hand	19	52,643		13,528	
		925,362		1,094,315	
Creditors: amounts falling due within one year	20	(84,740)		(48,083)	
Net current assets			840,622		1.046.232
Total assets less current liabilities			5,798,050		6,052,784
Provisions for liabilities					
Deferred taxation	22		(469,654)		(469,654)
Net assets			5,328,396		5,583.130
Capital and reserves					
Called up share capital	25,26		100,000		100,000
Revaluation reserve	25		1,090,806		1,106.806
Investment property reserve	25		822,688		822.688
Profit and loss account	25		3,314,902		3.553.636
			5,328,396		5,583.130

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 2021

R C Evans
Director
Date: 18th May 2021

The notes on pages 17 to 39 form part of these financial statements.

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

Consolidated statement of changes in equity
For the year ended 31 December 2019

	Called up share capital	Revaluation reserve	Investment property revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2019	100,000	1,122,806	822,688	18,100,198	20,145,692
Comprehensive income for the year					
Profit for the year	-	-	-	2,852,724	2,852,724
Actuarial losses on pension scheme	-	-	-	(288,000)	(288,000)
Dividends: Equity capital	-	-	-	(275,000)	(275,000)
Transfer to/(from) profit and loss account	-	(16,000)	-	16,000	-
At 31 December 2019	100,000	1,106,806	822,688	20,405,922	22,435,416

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

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

Company statement of changes in equity
For the year ended 31 December 2019

	Called up share capital	Revaluation reserve	Investment property revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2019	100,000	1,122,806	822,688	3,442,685	5,488,179
Comprehensive income for the year					
Profit for the year	-	-	-	369,951	369,951
Dividends: Equity capital	-	-	-	(275,000)	(275,000)
Transfers to/ (from) Profit and loss account	-	(16,000)	-	16,000	-
At 31 December 2019	100,000	1,106,806	822,688	3,553,636	5,583,130

Consolidated statement of cash flows
For the year ended 31 December 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	3,636,308	2,852,724
Adjustments for:		
Amortisation of intangible assets	12,486	4,581
Depreciation of tangible assets	411,306	385,198
Impairments of fixed assets	317,262	-
Loss on disposal of tangible assets	(6,289)	(10,302)
Interest paid	23	53
Interest received	(41,566)	(74,954)
Taxation charge	989,382	600,028
(Increase)/decrease in stocks	(1,133,941)	13,654
(Increase) in debtors	(568,693)	(238,746)
Increase in creditors	1,751,975	909,103
Increase in provisions	850,000	25,000
Corporation tax (paid)	(815,770)	(605,465)
Defined benefit pension contribution paid	(400,000)	(260,000)
Income from pension scheme	(22,000)	(28,000)
Past service cost	470,000	-
Net cash generated from operating activities	5,450,483	3,572,874
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(2,945)
Purchase of tangible fixed assets	(840,679)	(399,953)
Sale of tangible fixed assets	31,417	85,999
Interest received	41,566	74,954
Net cash from investing activities	(767,696)	(241,945)
Cash flows from financing activities		
Dividends paid	(1,200,000)	(275,000)
Interest paid	(23)	(53)
Net cash used in financing activities	(1,200,023)	(275,053)
Net increase in cash and cash equivalents	3,482,764	3,055,876
Cash and cash equivalents at beginning of year	13,780,246	10,724,370
Cash and cash equivalents at the end of year	17,263,010	13,780,246
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	17,263,010	13,780,246

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

Consolidated analysis of net debt
For the year ended 31 December 2020

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	13,780,246	3,482,764	17,263,010
	13,780,246	3,482,764	17,263,010

Notes to the financial statements
For the year ended 31 December 2020

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 Going concern

The financial statements have been prepared on a going concern basis. While the impact of the Covid-19 virus has been assessed by the directors, so far as reasonably possible, due to its unprecedented impact on the wider economy, it is difficult to evaluate with any certainty the potential outcomes on the group's trade, its customers and suppliers. However, taking into consideration the UK Government's response and the group's planning, the directors have a reasonable expectation that the group will continue in operational existence for the foreseeable future.

2.3 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.

2.4 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.

2.5 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.

2. Accounting policies (continued)

2.5 Current and deferred taxation (continued)

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.

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 Operating leases

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

2.7 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 are as follows:

Trademarks	-	10	years

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

2. Accounting policies (continued)

2.8 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.

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.

2.9 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.

2.10 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. Accounting policies (continued)

2.11 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.

2.12 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.

2.13 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.

2.14 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.

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 2017. 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.

2. Accounting policies (continued)

2.14 Pensions (continued)

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)'.

2.15 Dividends

Equity dividends are recognised when they become legally payable.

2.16 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 to related parties and investments in non-puttable ordinary shares.

2.17 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.

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:

Useful economic lives of tangible assets (Note 14)

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 14 for the carrying amount of the property, plant and equipment and Note 2.8 for the useful economic lives for each class of assets.

3. Judgments in applying accounting policies (continued)

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.

Determination of lease classification

The Group have significant leases in place. The classification of these leases between operating lease and finance lease requires a number of judgments to be made by management including; whether the ownership of the asset is transferred to the lessee by the end of the lease term, whether the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease that the option will be exercised, whether the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset at the inception of the lease and whether the leased assets are of such a specialised nature that only the lessee can use them without major modifications.

RDBS buyout provision (Note 22)

The Group has provided for an amount of £850,000 for the buyout of the RDBS pension scheme. This amount is an estimate and will depend upon the value of the assets and liabilites at the date of sale.

Going concern

In the judgment of the directors it is appropriate to prepare the financial statements in accordance with the going concern basis of accounting. See Note 2.2 for further details.

4. Turnover

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

	2020 £	*2019* *£*
Distillation of gin and the sourcing, packing and distribution of solvents and alcohol products	**42,650,434**	*32,593,184*
Rental income	**26,459**	*35,573*
	42,676,893	*32,628,757*

Analysis of turnover by country of destination:

	2020 £	*2019* *£*
United Kingdom	**35,657,339**	*24,694,914*
Rest of the world	**7,019,554**	*7,933,843*
	42,676,893	*32,628,757*

5. Operating profit

The operating profit is stated after charging:

	2020 £	*2019 £*
Depreciation of tangible fixed assets	411,306	*385,916*
Impairment of tangible fixed assets	317,262	*-*
Amortisation of intangible assets, including goodwill	12,486	*4,581*
Exchange differences	(16,592)	*33,991*
Other operating lease rentals	99,803	*109,463*
Defined contribution pension cost	101,705	*94,848*

6. Auditors' remuneration

	2020 £	*2019 £*
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	38,400	*39,950*

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

	2020 £	*2019 £*
The auditing of accounts of the company pursuant to legislation	5,800	*5,700*

7. Employees

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

	Group 2020 £	*Group 2019 £*	Company 2020 £	*Company 2019 £*
Wages and salaries	2,460,100	*2,131,312*	18,000	*18,000*
Social security costs	288,041	*237,548*	1,656	*1,656*
Cost of defined contribution scheme	101,705	*94,848*	-	*-*
	2,849,846	*2,463,708*	19,656	*19,656*

7. Employees (continued)

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

	2020 No.	*2019* *No.*
Administration and management	17	*14*
Operational, selling and distribution	46	*51*
	63	*65*

8. Directors' remuneration

	2020 £	*2019* *£*
Directors' emoluments	455,936	*421,207*
Company contributions to defined contribution pension schemes	59,497	*45,425*
	515,433	*466,632*

The highest paid director received remuneration of £217,846 *(2019: £196,422)* comprising of cash totalling £157,500 (2019: £143,500) and benefits in kind and other remuneration totalling £60,346 (2019: £50,922).

The annual accrued entitlement under defined benefit pension schemes in respect of the highest paid director amounted to £28,624 *(2019: £27,145)*. The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £40,500 *(2019: £32,000)*.

During the year retirement benefits were accruing to 3 directors *(2019: 3)* in respect of defined contribution pensions schemes, retirement benefits were also accruing to 1 director *(2019: 1)* in respect of defined benefit pension schemes.

9. Interest receivable

	2020 £	*2019* *£*
Bank interest receivable	41,566	*74,954*

10. Interest payable and similar expenses

	2020 £	*2019* *£*
Other interest payable	23	*53*

11. Other finance income

	2020 £	*2019 £*
Net interest on net defined benefit scheme	22,000	*28,000*

12. Taxation

	2020 £	*2019 £*
Corporation tax		
Current tax on profits for the year	921,632	*608,954*
Adjustments in respect of previous periods	6,816	*(9,285)*
	928,448	*599,669*
Deferred tax		
Origination and reversal of timing differences	60,934	*359*
Taxation on profit on ordinary activities	989,382	*600,028*

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2019: lower than)* the standard rate of corporation tax in the UK of 19% *(2019: 19%)*. The differences are explained below:

	2020 £	*2019 £*
Profit on ordinary activities before tax	4,625,690	*3,452,752*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	878,881	*656,023*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	166,741	*9,941*
Capital allowances for year in excess of depreciation	(42,601)	*(332)*
Adjustments to tax charge in respect of prior periods	6,816	*(9,285)*
Other timing differences leading to an increase (decrease) in taxation	(14)	*-*
Book profit on chargeable assets	(1,195)	*(1,958)*
Pension contributions paid	(76,000)	*(49,400)*
Pension scheme finance income	(4,180)	*(5,320)*
Deferred tax movement	60,934	*359*
Total tax charge for the year	989,382	*600,028*

12. Taxation (continued)

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). It is expected that this will be substantively enacted in the Finance Bill in June 2021. 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.

13. Intangible assets

Group

	Trademarks £	Goodwill £	Total £
Cost			
At 1 January 2020 and 31 December 2020	**45,814**	**7,905**	**53,719**
Amortisation			
At 1 January 2020	**13,166**	**-**	**13,166**
Charge for the year on owned assets	**4,581**	**7,905**	**12,486**
At 31 December 2020	**17,747**	**7,905**	**25,652**
Net book value			
At 31 December 2020	**28,067**	**-**	**28,067**
At 31 December 2019	*32,648*	*7,905*	*40,553*

13. Intangible assets (continued)

Company

	Trademarks £
Cost	
At 1 January 2020 and 31 December 2020	**45,814**
Amortisation	
At 1 January 2020	**13,166**
Charge for the year	**4,581**
At 31 December 2020	**17,747**
Net book value	
At 31 December 2020	**28,067**
At 31 December 2019	*32,648*

Notes to the financial statements
For the year ended 31 December 2020

14. Tangible fixed assets

Group

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Assets in the course of construction £	Total £
Cost or deemed cost							
At 1 January 2020	3,082,278	161,579	3,366,039	487,055	430,988	904,277	8,432,216
Additions	-	-	365,238	105,235	81,488	288,718	840,679
Disposals	-	-	(121,597)	(162,013)	(560)	-	(284,170)
At 31 December 2020	3,082,278	161,579	3,609,680	430,277	511,916	1,192,995	8,988,725
Depreciation							
At 1 January 2020	48,000	144,251	2,542,288	305,566	242,239	-	3,282,344
Charge for the year on owned assets	16,000	2,967	212,221	71,613	108,505	-	411,306
Disposals	-	-	(121,597)	(137,321)	(124)	-	(259,042)
Impairment charge	-	-	-	-	-	317,262	317,262
At 31 December 2020	64,000	147,218	2,632,912	239,858	350,620	317,262	3,751,870
Net book value							
At 31 December 2020	3,018,278	14,361	976,768	190,419	161,296	875,733	5,236,855
At 31 December 2019	*3,034,278*	*17,328*	*823,751*	*181,489*	*188,749*	*904,277*	*5,149,872*

14. Tangible fixed assets (continued)

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

Included within Freehold property are land and buildings held at deemed cost less depreciation of £1,956,000 (2019: £1,972,000). 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 (2019: £947,065), less depreciation of £347,278 (2019: £331,278).

Company

	Freehold property £	Assets in the course of construction £	Total £
Cost or deemed cost			
At 1 January 2020	3,082,278	728,776	3,811,054
Additions	-	288,719	288,719
At 31 December 2020	3,082,278	1,017,495	4,099,773
Depreciation			
At 1 January 2020	48,000	-	48,000
Charge for the year on owned assets	16,000	-	16,000
Impairment charge	-	317,262	317,262
At 31 December 2020	64,000	317,262	381,262
Net book value			
At 31 December 2020	3,018,278	700,233	3,718,511
At 31 December 2019	*3,034,278*	*728,776*	*3,763,054*

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

Included within Freehold property are land and buildings held at deemed cost less depreciation of £1,956,000 (2019: £1,972,000). 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 (2019: £947,065), less depreciation of £347,278 (2019: £331,278).

15. Fixed asset investments

Group

	Unlisted investments £
Cost	
At 1 January 2020 and 31 December 2020	**63,394**
Impairment	
At 1 January 2020 and 31 December 2020	**62,394**
Net book value	
At 31 December 2020	**1,000**
At 31 December 2019	*1,000*

Company

	Trade investments £
At 1 January 2020 and 31 December 2020	**160,850**
Net book value	
At 31 December 2020	**160,850**
At 31 December 2019	*160,850*

15. 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.

16. Investment property

Group

	Freehold investment property £
Valuation	
At 1 January 2020 and 31 December 2020	**1,050,000**

The 2020 valuations were made by the directors, on an open market value for existing use basis.

Company

	Freehold investment property £
Valuation	
At 1 January 2020 and 31 December 2020	**1,050,000**

The 2020 valuations were made by the directors, on an open market value for existing use basis.

17. Stocks

	Group 2020 £	*Group 2019 £*
Stocks and goods for resale	**3,023,282**	*1,889,341*

18. Debtors

	Group 2020 £	*Group 2019 £*	Company 2020 £	*Company 2019 £*
Trade debtors	**5,687,540**	*5,061,708*	**-**	*-*
Amounts owed by group undertakings	**-**	*-*	**853,399**	*1,078,287*
Other debtors	**31,598**	*51,780*	**14,033**	*2,500*
Prepayments and accrued income	**292,881**	*329,838*	**5,287**	*-*
	6,012,019	*5,443,326*	**872,719**	*1,080,787*

19. Cash and cash equivalents

	Group 2020 £	*Group 2019 £*	Company 2020 £	*Company 2019 £*
Cash at bank and in hand	**17,263,010**	*13,780,246*	**52,643**	*13,528*

20. Creditors: Amounts falling due within one year

	Group 2020 £	*Group 2019 £*	Company 2020 £	*Company 2019 £*
Payments received on account	**437,554**	*741,958*	**-**	*-*
Trade creditors	**3,915,410**	*2,028,143*	**26,472**	*570*
Corporation tax	**421,632**	*308,954*	**30,869**	*26,777*
Other taxation and social security	**318,038**	*187,062*	**-**	*76*
Other creditors	**31,334**	*63,292*	**-**	*-*
Accruals	**1,018,111**	*948,017*	**27,399**	*20,660*
	6,142,079	*4,277,426*	**84,740**	*48,083*

21. Financial instruments

	Group 2020 £	*Group 2019 £*	Company 2020 £	*Company 2019 £*
Financial assets				
Financial assets that are debt instruments measured at amortised cost	**5,719,138**	*5,113,488*	**867,432**	*1,080,787*
Financial assets that are equity instruments measured at cost less impairment	**1,000**	*1,000*	**-**	*-*
	5,720,138	*5,114,488*	**867,432**	*1,080,787*
Financial liabilities				
Financial liabilities measured at amortised cost	**(4,964,855)**	*(3,401,853)*	**(53,871)**	*(21,230)*

Financial assets measured at fair value through profit or loss comprise amounts owed by group undertakings and trade and other debtors which are included within 'Debtors' in Note 18 of these accounts.

Financial assets that are equity instruments measured at cost less impairment comprise unlisted investments which are included within 'Fixed asset investments' in Note 15 of these accounts.

Financial liabilities measured at amortised cost comprise of accruals and trade and other creditors which are included within 'Creditors: Amounts falling due within one year' in Note 20 of these accounts.

22. Deferred taxation

Group

	2020 £
Deferred tax liability	
At beginning of year	**616,496**
Charged to profit or loss	**60,934**
At end of year	**677,430**

22. Deferred taxation (continued)

Company

	2020 £
At beginning of year	469,654
Charged to profit or loss	-
At end of year	**469,654**

	Group 2020 £	*Group 2019 £*	Company 2020 £	*Company 2019 £*
Accelerated capital allowances	212,551	*151,127*	-	-
Short term timing differences	(4,775)	*(4,285)*	-	-
Fair value adjustments	469,654	*469,654*	469,654	*469,654*
	677,430	*616,496*	469,654	*469,654*

23. Provisions

Group

	Dilapidation provision £	RDBS buyout provision £	Total £
At 1 January 2020	25,000	-	25,000
Charged to profit or loss	-	850,000	850,000
At 31 December 2020	**25,000**	**850,000**	**875,000**

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 before tax of the parent Company for the year was £945,266 *(2019:£369,951)*.

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

	2020 £	*2019 £*
Allotted, called up and fully paid		
100,000 *(2019:100,000)* Ordinary shares of £1 each	**100,000**	*100,000*

27. Dividends

	2020 £	*2019 £*
Final dividends paid on equity capital of £12.00 (2019: £2.75) per share	**1,200,000**	*275,000*

28. Capital commitments

At 31 December 2020 the Group and Company had capital commitments as follows:

	Group 2020 £	*Group 2019 £*
Contracted for but not provided in these financial statements	**142,370**	*2,495*

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 £101,705 (2019: £94,848). At the year end, £128 (2019: £Nil) was payable.

The Group also 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.

	2020 £	2019 £
Reconciliation of present value of plan assets:		
Net interest income	22,000	28,000
Acturial gains/(losses)	401,000	(228,000)
Contributions	400,000	260,000
Past service cost	(470,000)	-
Derecognition of surplus	(353,000)	(60,000)
At the year end	-	-

	2020 £	2019 £
Composition of plan assets:		
Other plan assets	7,643,000	6,867,000

The amounts recognised in profit or loss are as follows:

	2020 £	2019 £
Net interest income	22,000	28,000

Reconciliation of fair value of plan liabilities were as follows:

	2020 £	2019 £
Opening defined benefit obligation	5,987,000	5,788,000
Interest cost	116,000	157,000
Actuarial losses	153,000	785,000
Past service costs	470,000	-
Benefits paid	(316,000)	(743,000)
Closing defined benefit obligation	6,410,000	5,987,000

29. Pension commitments (continued)

Reconciliation of fair value of plan assets were as follows:

	2020 £	2019 £
Opening fair value of scheme assets	6,867,000	6,608,000
Expected return on assets	138,000	185,000
Actuarial gains/(losses)	554,000	557,000
Contributions by employer	400,000	260,000
Benefits paid	(316,000)	(743,000)
	7,643,000	6,867,000

The cumulative actuarial gains recognised in the Consolidated statement of comprehensive income was £401,000 (2019: £228,000 loss).

The Group expects to contribute a minimum of £160,000 to its defined benefit pension scheme in 2021.

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

	2020 %/years	2019 %/years
Discount rate at 31 December	1.4	2.0
Future salary increases	2.15	2.15
Future pension increases post April 1997	2.8	3.1
CPI inflation	2.15	2.15
Price inflation	2.8	3.15
Mortality rates		
- for a male aged 65 now	22 years	23 years
- at 65 for a male aged 45 now	23 years	25 years
- for a female aged 65 now	24 years	25 years
- at 65 for a female member aged 45 now	25 years	27 years

Notes to the financial statements
For the year ended 31 December 2020

29. Pension commitments (continued)

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

Defined benefit pension schemes

	2020 £	2019 £	2018 £	2017 £	2016 £
Defined benefit obligation	(6,410,000)	(5,987,000)	(5,788,000)	(6,301,000)	(6,403,000)
Scheme assets	7,643,000	6,867,000	6,608,000	6,891,000	6,428,000
Funded status	1,233,000	880,000	820,000	590,000	25,000
Experience adjustments on scheme liabilities	44,000	11,000	(11,000)	86,000	22,000
Experience adjustments on scheme assets	554,000	557,000	(316,000)	247,000	452,000

30. Commitments under operating leases

At 31 December 2020 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	*Group 2019 £*
Not later than 1 year	6,313	*75,750*
Later than 1 year and not later than 5 years	-	*6,312*
	6,313	*82,062*

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

31. Contingent liabilities

<u>VAT group</u>

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 £230,916 (2019: £106,582). The full VAT liability is recognised in the group figures for 'Other taxation and social security' in Note 20 Creditors: amounts falling due within one year.

<u>Roll over relief on corporation tax charge</u>

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 (2019: £417,134) plus accruing interest of £66,779 (2019: £54,265).

31. Contingent liabilities (continued)

Assets in the course of construction

Included within tangible fixed assets 'assets in the course of construction' is an amount of £700,233 (2019: £728,776) in relation to sunk costs for the preparation, planning and development of a new site. It is the directors intention to relocate to this new site in a future period, however, if the plans and costs prove uncommercial this new site will not proceed and any sunk costs would be written off to the profit and loss account.

32. Transactions with directors

During the year, the company paid dividends totalling £575,652 (2019: £131,920) to directors and their close family.

During the year the group paid £12,000 (2019: £12,000) to a non-executive director of Alcohols Limited for consultancy services. At the balance sheet date £3,000 (2019: £3,000) was outstanding.

The group had loaned £5,000 to a non-executive director of W.H. Palmer & Co. (Industries) Ltd. No interest was charged on this loan. During the year the non-executive director repaid £2,500 (2019: £2,500). No amounts (2019: £2,500) were outstanding at the balance sheet date.