

Company Registration No. 727228 (England and Wales)

W H PALMER & CO (INDUSTRIES) LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 1999



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W H PALMER & CO (INDUSTRIES) LIMITED

DIRECTORS AND ADVISERS

Directors	R J Auger A J Wallis R H Ling S P Read J Alton M H Colling
Secretary	R H Ling
Company number	727228
Registered office	10 Charterhouse Square London EC1M 6LQ
Registered auditors	F W Stephens & Co 10 Charterhouse Square London EC1M 6LQ
Business address	Charringtons House The Causeway Bishop's Stortford Hertfordshire CM23 2EW
Bankers	National Westminster Bank plc 134 Aldersgate Street London EC1A 4LD
Solicitors	Whitehouse Gibson & Alton 25 Bedford Row London WC1R 4HE

W H PALMER & CO (INDUSTRIES) LIMITED

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W H PALMER & CO (INDUSTRIES) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

The directors present their report and financial statements for the year ended 31 December 1999.

Principal activities and review of the business

The principal activity of the group during the year was the manufacture of various alcohol products and the distribution of alcohols and solvents.

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

Results and dividends

The consolidated profit and loss account for the year is set out on pages 4 to 5.

An interim ordinary dividend was paid amounting to £33,000. The directors recommend payment of a final dividend amounting to £77,000.

Future developments

The group will continue to concentrate on further development of its core activities of chemical distribution and gin distillation. It also continues to explore opportunities within the speciality chemical industry.

Year 2000

The plans put in place by the executives were successful with no problems.

Directors

The following directors have held office since 1 January 1999:

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

In accordance with the company's Articles of Association, R J Auger and M H Colling retire by rotation and, being eligible, offer themselves for re-election.

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary of £ 1 each	
	31 December 1999	1 January 1999
R J Auger	6,349	6,349
A J Wallis	7,500	7,500
R H Ling	-	-
S P Read	6,970	6,970
J Alton	-	-
M H Colling	2,300	2,300

The directors had no interest in the share capital of any other group company.

J Alton is a trustee of settlements which together own 9,000 ordinary shares in the company.

W H PALMER & CO (INDUSTRIES) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1999

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that F W Stephens & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

As at 31 December 1999, a partner in the firm of Messrs F W Stephens & Co was a trustee of settlements which together own 9,000 Ordinary £1 shares in the company.

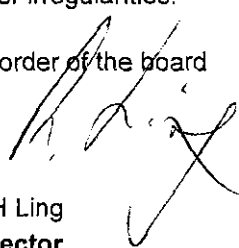
Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which 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 1985. 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.

By order of the board



R H Ling
Director

11 May 2000

W H PALMER & CO (INDUSTRIES) LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF W H PALMER & CO (INDUSTRIES) LIMITED

We have audited the financial statements on pages 4 to 21 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

F W Stephens & Co

F W Stephens & Co

Chartered Accountants
Registered Auditor

11 May 2000

10 Charterhouse Square
London
EC1M 6LQ

W H PALMER & CO (INDUSTRIES) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

	Notes	1999 £	1998 £
Turnover		9,394,333	9,904,370
Cost of sales		(6,508,154)	(7,085,499)
Gross profit		2,886,179	2,818,871
Distribution costs		(1,917,394)	(1,886,018)
Administrative expenses		(611,046)	(553,633)
Other operating income		513	476
Operating profit	3	358,252	379,696
Investment income	4	2,600	1,856
Other interest receivable and similar income	4	88,699	96,629
Interest payable and similar charges	5	-	(127)
Profit on ordinary activities before taxation		449,551	478,054
Tax on profit on ordinary activities	6	(137,060)	(146,521)
Profit on ordinary activities after taxation		312,491	331,533
Dividends	8	(110,000)	(110,000)
Retained profit for the year	18	202,491	221,533

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

W H PALMER & CO (INDUSTRIES) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

Note of historical cost profits and losses

	1999 £	1998 £
Reported profit on ordinary activities before taxation	449,551	478,054
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	6,200	6,200
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	455,751	484,254
	<hr/>	<hr/>
Historical cost profit for the year retained after taxation, extraordinary items and dividends	208,691	227,733
	<hr/>	<hr/>

W H PALMER & CO (INDUSTRIES) LIMITED

BALANCE SHEETS AS AT 31 DECEMBER 1999

	Notes	Group 1999 £	1998 £	Company 1999 £	1998 £
Fixed assets					
Tangible assets	9	858,795	888,339	172,119	188,843
Investments	10	1,000	1,000	160,850	160,850
		<u>859,795</u>	<u>889,339</u>	<u>332,969</u>	<u>349,693</u>
Current assets					
Stocks	11	870,222	795,477	-	-
Debtors	12	1,587,022	1,477,431	62,551	85,516
Investments	13	26,426	26,426	26,426	26,426
Cash at bank and in hand		1,636,685	1,503,790	437,414	377,509
		<u>4,120,355</u>	<u>3,803,124</u>	<u>526,391</u>	<u>489,451</u>
Creditors: amounts falling due within one year	14	<u>(1,323,058)</u>	<u>(1,227,662)</u>	<u>(98,397)</u>	<u>(94,982)</u>
Net current assets		<u>2,797,297</u>	<u>2,575,462</u>	<u>427,994</u>	<u>394,469</u>
Total assets less current liabilities		<u>3,657,092</u>	<u>3,464,801</u>	<u>760,963</u>	<u>744,162</u>
Provisions for liabilities and charges	15	<u>(32,600)</u>	<u>(42,800)</u>	<u>(3,600)</u>	<u>(4,800)</u>
		<u>3,624,492</u>	<u>3,422,001</u>	<u>757,363</u>	<u>739,362</u>
Capital and reserves					
Called up share capital	17	100,000	100,000	100,000	100,000
Revaluation reserve	18	96,595	102,795	96,595	102,795
Other reserves	18	340,213	340,213	-	-
Profit and loss account	18	3,087,684	2,878,993	560,768	536,567
Shareholders' funds - equity interests	19	<u>3,624,492</u>	<u>3,422,001</u>	<u>757,363</u>	<u>739,362</u>

The financial statements were approved by the board on 11 May 2000

R. Auger

R J Auger
Director

A J Wallis

A J Wallis
Director

W H PALMER & CO (INDUSTRIES) LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1999

	1999 £	1998 £
Net cash inflow from operating activities	435,137	604,655
Returns on investments and servicing of finance		
Interest received	88,699	96,629
Interest paid	-	(127)
Dividends received	2,600	1,856
Net cash inflow for returns on investments and servicing of finance	91,299	98,358
Taxation	(138,597)	(133,955)
Capital expenditure		
Payments to acquire tangible assets	(178,966)	(244,606)
Receipts from sales of tangible assets	34,022	6,870
Net cash outflow for capital expenditure	(144,944)	(237,736)
Equity dividends paid	(110,000)	(103,000)
Net cash inflow before management of liquid resources and financing	132,895	228,322
Cash added to short-term deposits	(155,000)	(422,000)
Net cash outflow from management of liquid resources	(155,000)	(422,000)
Financing		
Repayment of other short term loans	-	(7,731)
Net cash outflow from financing	-	(7,731)
Decrease in cash in the year	(22,105)	(201,409)

W H PALMER & CO (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1999

1	Reconciliation of operating profit to net cash inflow from operating activities	1999	1998
		£	£
	Operating profit	358,252	379,696
	Depreciation of tangible assets	179,091	157,100
	Profit on disposal of tangible assets	(4,603)	(6,681)
	(Increase)/decrease in stocks	(74,745)	85,045
	(Increase)/decrease in debtors	(109,591)	696,081
	Increase/(decrease) in creditors within one year	86,733	(706,586)
	Net cash inflow from operating activities	435,137	604,655

2	Analysis of net funds	1 January 1999	Cash flow	Other non-cash changes	31 December 1999
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	133,790	(22,105)		111,685
	Liquid resources:				
	Short-term deposits	1,370,000	155,000		1,525,000
	Short-term investments	26,426	-		26,426
		1,396,426	155,000		1,551,426
	Net funds	1,530,216	132,895	-	1,663,111

3	Reconciliation of net cash flow to movement in net debt	1999	1998
		£	£
	Decrease in cash in the year	(22,105)	(201,409)
	Cash outflow from increase in liquid resources	155,000	422,000
	Cash outflow from decrease in debt	-	7,731
	Movement in net funds in the year	132,895	228,322
	Opening net funds	1,530,216	1,301,894
	Closing net funds	1,663,111	1,530,216

W H PALMER & CO (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 1999. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT, excise duty and trade discounts.

1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

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

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

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

No depreciation is provided in respect of freehold land.

1.7 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Current asset investments are stated at the lower of cost and net realisable value.

1.9 Stock

Stock is valued at the lower of cost and net realisable value.

W H PALMER & CO (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

1.10 Pensions

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

1.11 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the contracted rates of exchange. Transactions in foreign currencies are recorded at the contracted rates of exchange. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	1999 £	1998 £
Geographical segment		
United Kingdom	8,752,632	9,101,736
Rest of the world	641,701	802,634
	<u>9,394,333</u>	<u>9,904,370</u>

3 Operating profit

	1999 £	1998 £
Operating profit is stated after charging:		
Depreciation of tangible assets	179,091	157,100
Operating lease rentals	99,324	117,297
Auditors' remuneration (company £1,600; 1998 : £1,500)	10,600	10,500
	<u>289,015</u>	<u>384,900</u>

W H PALMER & CO (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

4	Income from investments, other interest receivable and similar income	1999	1998
		£	£
	Income from listed investments	2,600	1,856
	Bank interest	88,699	96,629
		<u>91,299</u>	<u>98,485</u>
5	Interest payable	1999	1998
		£	£
	On other loans wholly repayable within 5 years	-	127
6	Taxation	1999	1998
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 30% (1998 - 31%)	147,000	156,050
	Tax credits on franked investment income	260	371
	Deferred taxation	(10,200)	(9,900)
		<u>137,060</u>	<u>146,521</u>
7	Profit for the financial year		
	As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:		
		1999	1998
		£	£
	Parent company's profit for the financial year	<u>128,001</u>	<u>129,105</u>
8	Dividends	1999	1998
		£	£
	Ordinary interim paid	33,000	33,000
	Ordinary final proposed	77,000	77,000
		<u>110,000</u>	<u>110,000</u>

W H PALMER & CO (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

9 Tangible fixed assets Group

	Land and buildings Freehold	Land and buildings short lease	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 January 1999	515,958	101,911	1,149,658	186,476	237,545	2,191,548
Additions	-	-	83,139	30,910	64,917	178,966
Disposals	-	-	(3,953)	(595)	(35,675)	(40,223)
At 31 December 1999	515,958	101,911	1,228,844	216,791	266,787	2,330,291
Depreciation						
At 1 January 1999	327,115	56,576	685,928	135,422	98,168	1,303,209
On disposals	-	-	(557)	(122)	(10,125)	(10,804)
Charge for the year	16,724	4,735	74,846	30,314	52,472	179,091
At 31 December 1999	343,839	61,311	760,217	165,614	140,515	1,471,496
Net book value						
At 31 December 1999	172,119	40,600	468,627	51,177	126,272	858,795
At 31 December 1998	188,843	45,335	463,730	51,054	139,377	888,339

Freehold land and buildings include £105,231 which is not subject to depreciation charges.

Certain freehold premises are shown at a 1978 valuation of £410,000. The remaining freehold and later additions are shown at cost. The amount of freehold land and buildings determined according to the historical cost rules is as follows:

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
Historical cost at 1 January 1999 and at 31 December 1999	289,163
Depreciation based on cost	
At 1 January 1999	203,115
Charge for the year	10,524
At 31 December 1999	213,639
Net book values	
At 31 December 1999	75,524
At 31 December 1998	86,048

W H PALMER & CO (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

9 Tangible fixed assets (continued) Company

	Total £
Cost or valuation	
At 1 January 1999 & at 31 December 1999	515,958
Depreciation	
At 1 January 1999	327,115
Charge for the year	16,724
At 31 December 1999	343,839
Net book value	
At 31 December 1999	172,119
At 31 December 1998	188,843

Freehold land and buildings include £105,321 which is not subject to depreciation charges.

Certain freehold premises are shown at a 1978 valuation of £410,000. The remaining freehold and later additions are shown at cost. The amount of freehold land and buildings determined according to the historical cost rules is as follows:

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
Historical cost at 1 January 1999 and at 31 December 1999	289,163
Depreciation based on cost	
At 1 January 1999	203,115
Charge for the year	10,524
At 31 December 1999	213,639
Net book values	
At 31 December 1999	75,524
At 31 December 1998	86,048

W H PALMER & CO (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

10 Fixed asset investments Group

	Unlisted investments £	Total £
Cost or valuation		
At 1 January 1999 & at 31 December 1999	15,000	15,000
Provisions for diminution in value		
At 1 January 1999 & at 31 December 1999	14,000	14,000
Net book value		
At 31 December 1999	1,000	1,000
At 31 December 1998	1,000	1,000

10 Fixed asset investments Company

	Shares in subsidiary undertakings £
Cost or valuation	
At 1 January 1999 & at 31 December 1999	160,850
At 31 December 1998	160,850

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Alcohols Limited	England & Wales	Ordinary	100
Alcohols (North West) Limited	England & Wales	Ordinary	100
Lang-Met Distillers Limited	England & Wales	Ordinary	100
Langley Distillery Limited	England & Wales	Ordinary	100

W H PALMER & CO (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Alcohols Limited	The manufacture of various alcohol products and the distribution of alcohols and solvents.
Alcohols (North West) Limited	Dormant
Lang-Met Distillers Limited	Dormant
Langley Distillery Limited	Dormant

11 Stocks

	Group 1999 £	1998 £	Company 1999 £	1998 £
Finished goods and goods for resale	870,222	795,477	-	-

12 Debtors

	Group 1999 £	1998 £	Company 1999 £	1998 £
Trade debtors	1,540,258	1,426,207	-	-
Amounts owed by group undertakings	-	-	551	23,516
Other debtors	1,000	1,000	-	-
Prepayments and accrued income	45,764	50,224	62,000	62,000
	1,587,022	1,477,431	62,551	85,516

13 Current asset investments

	Group 1999 £	1998 £	Company 1999 £	1998 £
Listed investments	26,426	26,426	26,426	26,426
Market valuation of listed investments	30,668	32,467	30,668	32,467

W H PALMER & CO (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

14 Creditors : amounts falling due within one year

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Trade creditors	549,845	562,817	-	-
Corporation tax	170,412	161,749	17,389	14,174
Taxes and social security costs	47,148	45,392	-	-
Other creditors	183	-	-	-
Accruals and deferred income	478,470	380,704	4,008	3,808
Proposed dividend	77,000	77,000	77,000	77,000
	<u>1,323,058</u>	<u>1,227,662</u>	<u>98,397</u>	<u>94,982</u>

W H PALMER & CO (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

15 Provisions for liabilities and charges Group

	Deferred taxation £
Balance at 1 January 1999	42,800
Profit and loss account	(10,200)
	<hr/>
Balance at 31 December 1999	32,600
	<hr/> <hr/>

Company

Balance at 1 January 1999	4,800
Profit and loss account	(1,200)
	<hr/>
Balance at 31 December 1999	3,600
	<hr/> <hr/>

Deferred tax is provided at 30% (1998 - 31%) analysed over the following timing differences:

Group

	Fully provided 1999 £	1998 £
Accelerated capital allowances	80,600	90,800
Other timing differences	(48,000)	(48,000)
	<hr/>	<hr/>
	32,600	42,800
	<hr/> <hr/>	<hr/> <hr/>

Company

	Fully provided 1999 £	1998 £
Accelerated capital allowances	3,600	4,800
	<hr/> <hr/>	<hr/> <hr/>

W H PALMER & CO (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

16 Pension costs

The subsidiary company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age funding method. The most recent valuation was at 1st June 1999.

The assumptions made by the actuary which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. The actuary has reviewed these assumptions for the purposes of SSAP 24 and his best estimates are that the return on investments would be 9% per annum, that salary increases would average 6% per annum and that current employees' pensions up to pensionable age would increase with commensurate benefit. The scheme is not index linked for those already in receipt of pensions.

The most recent actuarial valuation showed that the market value of the scheme's assets was £2.99 million and that the actuarial value of those assets represented 132% of the benefits that had accrued to members, after allowing for expected future increases in earnings. Due to the actuarial surplus within the fund, the company has not made any contributions to the fund since 1993. However, a charge of £21,392 (1998 - £19,742) has been made to the profit and loss account in order to achieve a substantially level rate of pension cost based on the actuarial assumptions for the purposes of SSAP 24. The company's normal annual contribution would amount to 15.3% of the pensionable payroll. This contribution has been reduced to 2.9% due to the amortisation of the actuarial surplus over the average remaining service lives of the current employees in the scheme. The pension scheme is non-contributory for employees.

17 Share capital	1999	1998
	£	£
Authorised		
100,000 Ordinary of £ 1 each	100,000	100,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
100,000 Ordinary of £ 1 each	100,000	100,000
	<u> </u>	<u> </u>

W H PALMER & CO (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

18 Statement of movements on reserves

Group

	Revaluation reserve £	Other reserves £	Profit and loss account £
Balance at 1 January 1999	102,795	340,213	2,878,993
Retained profit for the year	-	-	202,491
Transfer from revaluation reserve to profit and loss account	(6,200)	-	6,200
Balance at 31 December 1999	<u>96,595</u>	<u>340,213</u>	<u>3,087,684</u>

Other reserves includes £204,602 of negative goodwill arising on consolidation added to reserves and £14,389 of positive goodwill eliminated against reserves. These amounts relate to acquisitions before the implementation of FRS 10.

Company

	Revaluation reserve £	Profit and loss account £
Balance at 1 January 1999	102,795	536,567
Retained profit for the year	-	18,001
Transfer from revaluation reserve to profit and loss account	(6,200)	6,200
Balance at 31 December 1999	<u>96,595</u>	<u>560,768</u>

W H PALMER & CO (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

19 Reconciliation of movements in shareholders' funds		
	1999	1998
Group	£	£
Profit for the financial year	312,491	331,533
Dividends	(110,000)	(110,000)
Net addition to shareholders' funds	202,491	221,533
Opening shareholders' funds	3,422,001	3,200,468
Closing shareholders' funds	3,624,492	3,422,001
	<u>1999</u>	<u>1998</u>
Company	£	£
Profit for the financial year	128,001	129,105
Dividends	(110,000)	(110,000)
Net addition to shareholders' funds	18,001	19,105
Opening shareholders' funds	739,362	720,257
Closing shareholders' funds	757,363	739,362

20 Financial commitments

At 31 December 1999 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	1999	1998	1999	1998
	£	£	£	£
Expiry date:				
Within one year	2,702	-	-	-
Between two and five years	20,000	11,050	-	9,992
In over five years	61,433	77,733	-	-
	<u>84,135</u>	<u>88,783</u>	<u>-</u>	<u>9,992</u>

W H PALMER & CO (INDUSTRIES) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

21 Capital commitments

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Contracted for but not provided in the financial statements	10,238	-	-	-

22 Directors' emoluments

	1999	1998
	£	£
Emoluments for qualifying services	236,121	218,511

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 3 (1998 - 3).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	88,167	77,951
Accrued pension at the end of the year	18,513	14,653

23 Employees

Number of employees

The average weekly number of employees (including directors) during the year was:

	1999 Number	1998 Number
Administration and management	7	7
Operational, selling and distribution	33	32
	40	39

Employment costs

	£	£
Wages and salaries	805,842	764,119
Social security costs	73,053	66,477
Other pension costs	25,800	24,150
	904,695	854,746