Registered number: 00547325

Alcohols Limited

Annual report and financial statements

for the year ended 31 December 2019

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Alcohols Limited

Company Information

Directors	A J Wallis R C Evans
Non-executive director	R H Ling
Registered number	00547325
Registered office	Charringtons House The Causeway Bishop's Stortford Hertfordshire CM23 2ER
Independent auditors	Kreston Reeves LLP Statutory Auditors & Chartered Accountants Third Floor 24 Chiswell Street London EC1Y 4YX

Alcohols Limited

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Directors' report
for the year ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activities

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 alcohol products.

Directors

The directors who served during the year were:

A J Wallis
R H Ling
R C Evans

Results and dividends

The profit for the year, after taxation, amounted to £2,757,773 (2018 - £2,929,364).

Ordinary dividends amounting to £275,000 (2018: £250,000) were paid during the year. The directors continue to support a prudent approach to dividend distribution to ensure that cash reserves remain available to finance 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 2019

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 on 11th May 2020 and signed on its behalf.

.....
R C Evans
Director

Group strategic report
for the year ended 31 December 2019

Introduction

The directors present their group strategic report for the year ended 31 December 2019.

Business review

The Group continued to perform well during the period, consolidating its position after the high growth in the previous year. Sales volumes in our industrial solvents division decreased by 2.2%, but this was balanced by a 3.7% increase in volumes sold from our Distillery division. Group turnover achieved the same level as last year (£32.6m). Gross profit increased to £9.8m (2018: £9.7m). Cost prices in the chemical distribution division, were slightly lower this year, but this had a cooling effect on our sales prices. Once again, margins were under pressure, but the overall gross margin for the group was up 0.5% at 30.1% (2018: 29.6%). Investment in fixed assets and new systems meant that operating costs increased, leading to profit before tax of £3.3m, £0.2m lower than in 2018. The Group continues to retain a surplus in its defined benefit pension scheme, as calculated by the actuary.

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. Good progress was made during 2019 to move our Quality and Environmental management systems towards full 45001 compliance, and we expect this project to be completed by the middle of 2020.

On the political front 2019 was a year of upheaval, which did little to settle UK business as a whole. The date for leaving the EU was deferred, leading to a longer period of uncertainty. The recent Coronavirus pandemic may also put into question Boris Johnson's declared intention of removing the UK from the EU completely by 31st December 2020. The implications of Brexit remain a challenge for regulatory compliance on such key issues as UK Reach registration. The Group have a loyal customer base in this competitive market and it will continue to focus on selling high quality product supported by good customer service.

A year long project to change our ERP and accounting system came to fruition with its launch in July 2019. This system has now bedded in and offers improved recording of stock movement transactions and stock balances, as well as managing customer contacts. Further improvements will be made in the coming months to automate some of these transactions via bar code readers.

The consolidated statement of comprehensive income for the year is set out on page 8.

Post Balance Sheet Event

In early 2020, the Coronavirus outbreak that started in China in December 2019 became a global pandemic. At the date of writing this report, the full implications of the spread of this disease remain unquantified. However, the rapid spread of the disease and the current known death rate make it clear that this has the potential to kill a significant number of people globally. The measures taken by national governments worldwide tend to include lockdown and significant business closures that will surely affect the global economy in the coming years. It is likely that many of the Group's markets will suffer a recession in 2020.

The effect of the Coronavirus on the Group has not so far been particularly negative. While demand for gin has reduced, demand for our alcohol products has been high, as these are being used by clients to create hand sanitisers used by the NHS, in care homes and sold on the supermarket shelves. This is currently boosting sales, although this is accompanied by higher costs. Due to this demand, staff are required to continue working, as we are considered a key supplier in the food/hygiene sector. We have taken steps to ensure that staff exposure to the virus at work is reduced as much as possible, including increased cleaning regimes, team working and working from home where practicable. With business continuing in this way, and the substantial cash reserves in our balance sheet, the directors believe the business will continue to turn in profits over at least the next 12 months.

Principal risks and uncertainties

The directors continue to seek new markets for its products and 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 continued to develop relationships with different global suppliers where necessary in order to ensure a supply for our customers.
2. Raw material pricing. Markets remain volatile, especially with the Coronavirus pandemic after the year end, but prices are monitored almost daily 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.
5. Regulatory changes continue to impose an increased burden on the chemical industry. The group continues to invest in regulatory staff and resources to ensure that our systems are continually improving and that the group remains compliant with all relevant legislation.
6. The political environment in our key markets, the effect of Brexit and the spread of Coronavirus after the year end continue to give uncertainty for business.

The group employs professional qualified staff in several areas to manage the different aspects of the business and the risks noted above.

Financial key performance indicators

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

This report was approved by the board on 11th May 2020 and signed on its behalf.

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R C Evans
Director

Independent auditors' report to the members of Alcohols Limited

Opinion

We have audited the financial statements of Alcohols Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, 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 2019 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 Alcohols Limited (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 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 financial statements.

Independent auditors' report to the members of Alcohols Limited (continued)

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.
- 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 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 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
Statutory Auditors & Chartered Accountants
London
Date: 20 May 2020

Consolidated statement of comprehensive income
for the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	**32,593,184**	32,585,923
Cost of sales		**(22,768,182)**	(22,929,185)
Gross profit		**9,825,002**	9,656,738
Distribution costs		**(4,019,322)**	(4,042,992)
Administrative expenses		**(2,577,902)**	(2,128,611)
Operating profit	5	**3,227,778**	3,485,135
Interest receivable and similar income	9	**74,954**	48,467
Interest payable and expenses	10	**(53)**	-
Other finance income	11	**28,000**	17,000
Profit before taxation		**3,330,679**	3,550,602
Tax on profit		**(572,906)**	(621,238)
Profit for the financial year		**2,757,773**	2,929,364
Actuarial losses on defined benefit pension scheme	28	**(228,000)**	(290,000)
Pension surplus not recognised	28	**(60,000)**	73,000
Other comprehensive income for the year		**(288,000)**	(217,000)
Total comprehensive income for the year		**2,469,773**	2,712,364

There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated statement of comprehensive income.

The notes on pages 13 to 32 form part of these financial statements.

Alcohols Limited
Registered number: 00547325

Consolidated balance sheet
as at 31 December 2019

	Note		2019 £		2018 £
Fixed assets					
Intangible assets	13		**7,905**		7,905
Tangible assets	14		**1,386,817**		1,439,091
Investments	15		**121,500**		121,500
			1,516,222		1,568,496
Current assets					
Stocks	16	**1,889,341**		1,902,995	
Debtors: amounts falling due within one year	17	**5,440,828**		5,199,784	
Cash and cash equivalents		**13,766,718**		10,694,172	
		21,096,887		17,796,951	
Creditors: amounts falling due within one year	19	**(5,428,141)**		(4,400,611)	
Net current assets			**15,668,746**		13,396,340
Total assets less current liabilities			**17,184,968**		14,964,836
Provisions for liabilities					
Deferred taxation	21	**(146,842)**		(146,483)	
Other provisions	22	**(25,000)**		-	
			(171,842)		(146,483)
Net assets excluding pension asset			**17,013,126**		14,818,353
Pension asset			**-**		-
Net assets			**17,013,126**		14,818,353
Capital and reserves					
Called up share capital	24		**1,000**		1,000
Profit and loss account	25		**17,012,126**		14,817,353
Equity attributable to owners of the parent Company			**17,013,126**		14,818,353

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11th May 2020

A J Wallis
Director

R C Evans
Director

The notes on pages 13 to 32 form part of these financial statements.

Alcohols Limited
Registered number: 00547325

Company balance sheet
as at 31 December 2019

	Note		2019 £		2018 £
Fixed assets					
Intangible assets	13		**5**		5
Tangible assets	14		**1,386,817**		1,439,091
Investments	15		**129,500**		129,500
			1,516,322		1,568,596
Current assets					
Stocks	16	**1,719,983**		1,784,928	
Debtors: amounts falling due within one year	17	**4,991,997**		4,630,134	
Cash and cash equivalents		**13,186,513**		10,512,964	
		19,898,493		16,928,026	
Creditors: amounts falling due within one year	19	**(4,947,622)**		(4,171,329)	
Net current assets			**14,950,871**		12,756,697
Total assets less current liabilities			**16,467,193**		14,325,293
Provisions for liabilities					
Deferred taxation	21		**(146,842)**		(146,483)
Other provisions	22		**(25,000)**		-
Net assets			**16,295,351**		14,178,810
Capital and reserves					
Called up share capital	24		**1,000**		1,000
Profit and loss account carried forward			**16,294,351**		14,177,810
			16,295,351		14,178,810

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11th May 2020

A J Wallis
Director

R C Evans
Director

The notes on pages 13 to 32 form part of these financial statements.

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	1,000	14,817,353	14,818,353
Comprehensive income for the year			
Profit for the year	-	2,757,773	2,757,773
Actuarial losses on pension scheme	-	(288,000)	(288,000)
Dividends: Equity capital	-	(275,000)	(275,000)
At 31 December 2019	1,000	17,012,126	17,013,126

Consolidated statement of changes in equity
for the year ended 31 December 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	1,000	12,354,989	12,355,989
Comprehensive income for the year			
Profit for the year	-	2,929,364	2,929,364
Actuarial losses on pension scheme	-	(217,000)	(217,000)
Dividends: Equity capital	-	(250,000)	(250,000)
At 31 December 2018	1,000	14,817,353	14,818,353

The notes on pages 13 to 32 form part of these financial statements.

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	1,000	14,177,810	14,178,810
Profit for the year	-	2,679,541	2,679,541
Actuarial losses on pension scheme	-	(288,000)	(288,000)
Dividends: Equity capital	-	(275,000)	(275,000)
At 31 December 2019	1,000	16,294,351	16,295,351

Company statement of changes in equity
for the year ended 31 December 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	1,000	11,427,531	11,428,531
Profit for the year	-	3,217,279	3,217,279
Actuarial losses on pension scheme	-	(217,000)	(217,000)
Dividends: Equity capital	-	(250,000)	(250,000)
At 31 December 2018	1,000	14,177,810	14,178,810

The notes on pages 13 to 32 form part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2019

1. General information

Alcohols Limited 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 United Kingdom and the Republic of Ireland (FRS 102) 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 Financial reporting standard 102 - reduced disclosure exemptions

The group has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12 (a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Transactions 33.1A

This information is included in the consolidated financial statements of W.H.Palmer & Co. (Industries) Limited as at 31 December 2019 and these financial statements may be obtained from Companies House.

2.3 Basis of consolidation

The consolidated financial statements present the results of Alcohols Limited and Trithin Products Limited ("the Group") as if they formed a single entity. The financial statements do not consolidate the accounts of the company's other subsidiary undertakings (as disclosed in Note 15 to these accounts) as they have all remained dormant during the year and any effect on the group accounts would be immaterial. Intercompany transactions and balances between group companies are eliminated in full.

2.4 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. Accounting policies (continued)

2.5 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.

2.6 Current and deferred taxation

Tax is recognised in the Consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current taxation

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively 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.

2.7 Operating leases: the Group as lessee

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

2.8 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.

2. Accounting policies (continued)

2.9 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 the Consolidated statement of comprehensive income during the period in which they are incurred.

Depreciation is provided on the following basis:

Short term leasehold property	- over term lease
Plant & machinery	- 5%, 10%, 15%, 20% and 25% per annum
Motor vehicles	- 20%, 25% and 33 1/3% per annum
Fixtures & fittings	- 15%, 20% and 25% per annum

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

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 the Consolidated statement of comprehensive income.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company 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.

2.11 Stocks

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

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

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 32 days.

2. Accounting policies (continued)

2.13 Pensions

Defined contribution pension plan

The Group operates a defined contribution pension 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 payments 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 1 June 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.

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)'.

2.14 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans to related parties and investments in non-puttable ordinary shares.

2. Accounting policies (continued)

2.15 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

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

2.16 Dividends

Equity dividends are recognised when they become legally payable.

3. Judgements 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 2.9 for the useful economic lives for each class of assets.

Defined benefit pension scheme (Note 28)

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.

3. Judgments in applying accounting policies (continued)

Determination of lease classification

The Group have significant leases in place. The determination of 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.

4. Turnover

The whole of the turnover is attributable to the distillation of gin and the sourcing, packing and distribution of solvents and alcohol products.

Analysis of turnover by country of destination:

	2019	2018
	£	£
United Kingdom	**24,659,341**	26,325,342
Rest of the world	**7,933,843**	6,260,581
	32,593,184	32,585,923

5. Operating profit

The operating profit is stated after charging/(crediting):

	2019	2018
	£	£
Depreciation of tangible fixed assets	**369,198**	324,984
Exchange differences	**33,991**	(18,518)
Operating lease rentals	**239,170**	259,766
Defined contribution pension cost	**94,848**	79,937

6. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Group's auditor for the audit of the consolidated annual financial statements	**33,400**	31,750
Fees payable to the Group's auditor in respect of:		
The auditing of accounts of the company pursuant to legislation	**25,900**	26,350

7. Employees

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

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	**2,113,312**	1,971,025	**2,113,312**	1,971,025
Social security costs	**235,892**	214,378	**235,892**	214,378
Cost of defined contribution scheme	**94,848**	79,937	**94,848**	79,937
	2,444,052	2,265,340	**2,444,052**	2,265,340

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

	2019 No.	2018 No.
Administration and management	**12**	11
Operational, selling and distribution	**51**	47
	63	58

The Company has no employees other than the directors, who did not receive any remuneration (2018: Nil).

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	**333,482**	328,156
Company contributions to defined contribution pension schemes	**43,000**	21,573
	376,482	349,729

The highest paid director received remuneration of £194,422 (2018: £178,757).

The annual accrued entitlement under defined benefit pension schemes in respect of the highest paid director amounted to £27,145 (2018: £26,193). The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £32,000 (2018: £11,612).

During the year retirement benefits were accruing to 2 directors (2018: 2) in respect of defined contribution pension schemes, retirement benefits were also accruing to 1 director (2018: 1) in respect of defined benefit pension schemes.

9. Interest receivable

	2019 £	2018 £
Bank interest receivable	**74,954**	48,007
Other interest receivable	**-**	460
	74,954	48,467

10. Interest payable and similar expenses

	2019 £	2018 £
Other interest payable	**53**	-

11. Other finance income

	2019 £	2018 £
Net interest on defined benefit pension scheme	**28,000**	17,000

12. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	**582,177**	638,157
Adjustments in respect of previous periods	**(9,630)**	8,225
Total current tax	**572,547**	646,382
Deferred tax		
Origination and reversal of timing differences	**359**	(25,144)
Taxation on profit on ordinary activities	**572,906**	621,238

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	**3,330,679**	3,550,602
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	**632,829**	674,615
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**9,397**	3,633
Capital allowances for year in excess of depreciation	**(3,372)**	3,279
Adjustments to tax charge in respect of prior periods	**(9,630)**	8,225
Book profit on chargeable assets	**(1,957)**	(4,121)
Pension contributions paid	**(49,400)**	(38,000)
Pension scheme finance income	**(5,320)**	(3,230)
Deferred tax movement	**359**	(25,144)
Other tax adjustments	**-**	1,981
Total tax charge for the year	**572,906**	621,238

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13. Intangible assets

Group

	Goodwill £
Cost	
At 1 January 2019 and 31 December 2019	**7,905**
Net book value	
At 31 December 2019	**7,905**
At 31 December 2018	7,905

Company

	Goodwill £
Cost	
At 1 January 2019 and 31 December 2019	**5**
Net book value	
At 31 December 2019	**5**
At 31 December 2018	5

Notes to the financial statements
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14. Tangible fixed assets

Group and Company

	Short Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Assets in the course of construction £	Total £
Cost or valuation						
At 1 January 2019	161,579	3,237,678	523,014	305,856	136,500	4,364,627
Additions	-	140,361	88,128	125,132	39,000	392,621
Disposals	-	(12,000)	(124,087)	-	-	(136,087)
At 31 December 2019	161,579	3,366,039	487,055	430,988	175,500	4,621,161
Depreciation						
At 1 January 2019	141,284	2,349,115	271,529	163,608	-	2,925,536
Charge for the year on owned assets	2,967	205,173	82,427	78,631	-	369,198
Disposals	-	(12,000)	(48,390)	-	-	(60,390)
At 31 December 2019	144,251	2,542,288	305,566	242,239	-	3,234,344
Net book value						
At 31 December 2019	17,328	823,751	181,489	188,749	175,500	1,386,817
At 31 December 2018	20,295	888,563	251,485	142,248	136,500	1,439,091

Notes to the financial statements
for the year ended 31 December 2019

15. Fixed asset investments

Group

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost			
At 1 January 2019 and 31 December 2019	**125,500**	**63,394**	**188,894**
Impairment			
At 1 January 2019 and 31 December 2019	**5,000**	**62,394**	**67,394**
Net book value			
At 31 December 2019	**120,500**	**1,000**	**121,500**
At 31 December 2018	120,500	1,000	121,500

Company

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost			
At 1 January 2019 and 31 December 2019	**133,500**	**63,394**	**196,894**
Impairment			
At 1 January 2019 and 31 December 2019	**5,000**	**62,394**	**67,394**
Net book value			
At 31 December 2019	**128,500**	**1,000**	**129,500**
At 31 December 2018	128,500	1,000	129,500

15. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Alcohols (North West) Limited	Note [1]	100,000 Ordinary shares of £1 each	100%
Lang-Met Distillers Limited	Note [1]	25,000 Ordinary shares of £1 each	100%
Langley Distillery Limited	Note [1]	5,000 Ordinary shares of £1 each	100%
Trithin Products Limited	Note [1]	100 Ordinary shares of £1 each	100%

Note [1]: Charringtons House, The Causeway, Bishops Stortford, Hertfordshire, CM23 2ER.

16. Stocks

	Group 2019 £	Group 2018 £	**Company 2019 £**	Company 2018 £
Finished goods and goods for resale	**1,889,341**	1,902,995	**1,719,983**	1,784,928

17. Debtors

	Group 2019 £	Group 2018 £	**Company 2019 £**	Company 2018 £
Trade debtors	**5,061,710**	4,863,754	**3,990,083**	4,180,966
Amounts owed by group undertakings	**-**	-	**650,924**	123,047
Other debtors	**49,280**	34,853	**21,152**	24,944
Prepayments	**329,838**	301,177	**329,838**	301,177
	5,440,828	5,199,784	**4,991,997**	4,630,134

18. Cash and cash equivalents

	Group 2019 £	Group 2018 £	**Company 2019 £**	Company 2018 £
Cash at bank and at hand	**13,766,718**	11,137,414	**13,186,513**	10,956,206
Less: bank overdrafts	**-**	(443,242)	**-**	(443,242)
	13,766,718	10,694,172	**13,186,513**	10,512,964

Notes to the financial statements
for the year ended 31 December 2019

19. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	**Company 2019 £**	Company 2018 £
Payments received on account	**379,557**	317,321	**379,557**	317,321
Trade creditors	**2,389,974**	1,652,677	**2,136,986**	1,578,407
Amounts owed to group undertakings	**1,198,798**	1,096,761	**1,198,798**	1,096,761
Corporation tax	**282,177**	288,157	**193,456**	238,409
Other taxation and social security	**186,986**	249,355	**186,986**	249,355
Other creditors	**63,292**	43,314	**63,292**	43,314
Accruals and deferred income	**927,357**	753,026	**788,547**	647,762
	5,428,141	4,400,611	**4,947,622**	4,171,329

20. Financial instruments

	Group 2019 £	Group 2018 £	**Company 2019 £**	Company 2018 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	**5,110,990**	4,898,607	**4,662,159**	4,328,957
Financial assets that are equity instruments measured at cost less impairment	**1,000**	1,000	**1,000**	1,000
	5,111,990	4,899,607	**4,663,159**	4,329,957
Financial liabilities				
Financial liabilities measured at amortised cost	**(4,579,421)**	(3,545,778)	**(4,187,623)**	(3,366,244)

Financial assets that are debt instruments measured at amortised cost comprise amounts owed by group undertakings as well as trade and other debtors which are included within 'Debtors' in note 17 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 amounts owed to group undertakings, accruals and trade and other creditors which are included within 'Creditors: Amounts falling due within one year' in note 19 of these accounts.

21. Deferred taxation liability

Group

	2019 £
Deferred tax liability	
At beginning of year	**146,483**
Charged to the profit or loss	**359**
At end of year	**146,842**

The provision for deferred taxation is made up as follows:

	Group 2019 £	Group 2018 £	**Company 2019 £**	Company 2018 £
Accelerated capital allowances	**151,127**	146,483	**151,127**	146,483
Short term timing differences	**(4,285)**	-	**(4,285)**	-
	146,842	146,483	**146,842**	146,483

22. Provisions

Group

	Dilapidations provision £
At 1 January 2019	-
Charged to profit or loss	**25,000**
At 31 December 2019	**25,000**

22. Provisions (continued)

Company

	Dilapidation provision £	Total £
At 1 January 2019	-	-
Charged to profit or loss	**25,000**	**25,000**
At 31 December 2019	**25,000**	**25,000**

23. 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 £3,163,726 (2018 - £3,788,769).

24. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,000 (2018 - 1,000) Ordinary shares of £1.00 each	**1,000**	1,000

25. Reserves

Share capital

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

Profit & 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. Dividends

	2019 £	2018 £
Final dividends paid on equity capital of £275 (2018: £250) per share	**275,000**	250,000

27. Capital commitments

At 31 December 2019 the Group and Company had capital commitments as follows:

	Group 2019 £	Group 2018 £	**Company 2019 £**	Company 2018 £
Contracted for but not provided in these financial statements	**2,495**	43,001	**2,495**	43,001

28. 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 £94,848 (2018: £79,937). At the year end, £Nil (2018: £Nil) remained unpaid.

The Group operates a defined benefit pension scheme. The overall expected return on assets is calculated as the weighted average of the expected returns on each individual asset class. The expected return on other assets is broadly the current interest rate set by the Bank of England.

Reconciliation of present value of plan assets:

	2019 £	2018 £
Interest income	**28,000**	17,000
Actuarial losses	**(228,000)**	(290,000)
Contributions	**260,000**	200,000
Derecognition of surplus	**(60,000)**	73,000
At the end of the year	**-**	-

Composition of plan assets:

	2019 £	2018 £
Other plan assets	**6,867,000**	6,608,000

The amounts recognised in profit or loss are as follows:

	2019 £	2018 £
Interest on obligation	**28,000**	17,000

28. Pension commitments (continued)

Reconciliation of fair value of plan liabilities were as follows:

	2019	2018
	£	£
Opening defined benefit obligation	**5,788,000**	6,301,000
Interest cost	**157,000**	154,000
Actuarial losses/(gains)	**785,000**	(389,000)
Past service costs	**-**	60,000
Benefits paid	**(743,000)**	(338,000)
Closing defined benefit obligation	**5,987,000**	5,788,000

Reconciliation of fair value of plan assets were as follows:

	2019	2018
	£	£
Opening fair value of scheme assets	**6,608,000**	6,891,000
Expected return on assets	**185,000**	171,000
Actuarial gains/(losses)	**557,000**	(316,000)
Contributions by employer	**260,000**	200,000
Benefits paid	**(743,000)**	(338,000)
	6,867,000	6,608,000

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £329,000 (2018: £243,000).

The Group expects to contribute a minimum of £160,000 to its defined benefit pension scheme in 2020.

28. Pension commitments (continued)

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

	2019	2018
	%/years	%/years
Discount rate at 31 December	**2.0**	2.9
Future salary increases	**2.15**	2.3
Future pension increases	**3.1**	3.3
CPI inflation	**2.15**	2.3
Price inflation	**3.15**	3.4
Mortality rates		
- for a male aged 65 now	**23 years**	23 years
- at 65 for a male aged 45 now	**25 years**	25 years
- for a female aged 65 now	**25 years**	25 years
- at 65 for a female member aged 45 now	**27 years**	27 years

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

Defined benefit pension schemes

	2019	2018	2017	2016	2015
	£	£	£	£	£
Defined benefit obligation	**(5,987,000)**	(5,788,000)	(6,301,000)	(6,403,000)	(5,497,000)
Scheme assets	**6,867,000**	6,608,000	6,891,000	6,428,000	5,774,000
Surplus	**880,000**	820,000	590,000	25,000	277,000
Experience adjustments on scheme liabilities	**11,000**	(11,000)	86,000	22,000	18,000
Experience adjustments on scheme assets	**(557,000)**	316,000	247,000	452,000	(188,000)

29. Commitments under operating leases

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £	**Company 2019 £**	Company 2018 £
Not later than 1 year	**75,750**	150,750	**75,750**	150,750
Later than 1 year and not later than 5 years	**6,312**	82,062	**6,312**	82,062
	82,062	232,812	**82,062**	232,812

30. Contingent liabilities

The group forms a VAT group with W.H.Palmer & Co.(Industries) Limited, the ultimate parent company, 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 accounts is £Nil (2018: £Nil).

31. Related party transactions

During the year the company paid £12,000 (2018: £12,000) to a non-executive director of Alcohols Limited for consultancy services. At the balance sheet date, £3,000 (2018: £Nil) was outstanding.

32. Ultimate parent undertaking and controlling party

The ultimate parent company is W.H.Palmer & Co. (Industries) Limited, a company registered in England and Wales.