Registered number: 00727228

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

Annual report and financial statements

For the year ended 31 December 2022

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

Company Information

Directors	A J Wallis N M Phillips R C Evans
Non-executive directors	R H Ling M H Colling D Joel
Registered number	00727228
Registered office	The Distillery Crosswells Road, Langley Green Warley, West Midlands England B68 8HA
Independent auditors	Kreston Reeves LLP Chartered Accountants & Statutory Auditor 2nd Floor 168 Shoreditch High Street London E1 6RA

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

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

Directors' report
For the year ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

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
M H Colling
D Joel (appointed 4 January 2022)

Results and dividends

The profit for the year, after taxation, amounted to £3,796,455 (2021: £2,511,124).

Ordinary dividends amounting to £580,000 (2021: £600,000) were paid during the year.

Streamlined Energy and Carbon Reporting (SECR)

Methodology

Our environmental performance data is presented in accordance with HM Government's Streamlined Energy and Reporting (SECR) Guidelines (March 2019). The data below represents the group's most significant energy usage. Electricity and gas usage is obtained from meter readings at each site. Usage of boiler fuel and site diesel is obtained from purchase order and actual consumption. Usage of company car fuel is derived from the mileage travelled by each individual vehicle, categorised according to size (small, medium or large). Energy usage is converted to equivalent tonnes of CO2 (TCO2e) using the UK government's CHG Conversion Factors for Company reporting 2022 and 2023.

	Year ended 31 December 2022	**Year ended 31 December 2021**
Electricity and gas usage	207,426 kWh	199,699 kWh
Fuel oil and diesel used at operational sites	179,316 litres	176,382 litres
Fuel used by company cars (miles travelled)	199,886 miles	126,467 miles

CO2 Emissions

Overall, the energy used by the group is the equivalent of 659 tonnes of CO2 (2021: 635 tonnes). The most appropriate energy metric for the group is to measure tonnes of CO2 per tonne of product despatched to our clients. The intensity ratio for the year was 0.030 TCO2e per tonne (2021: 0.028 TCO2e per tonne).

The board are fully aware of the importance on using energy as efficiently as possible. The group has taken measures over the last few years to improve energy efficiency, including the installation of LED lights in its offices, the acquisition of modern, more efficient pumps and the use of hybrid vehicles as company cars. Since the COVID pandemic, office-based staff have continued to work on a hybrid basis, where possible, which has resulted in a reduction in their weekly commuting costs and environmental impact. We have secured a small government loan via innovate UK for the acquisition of more efficient operational equipment at our Rugby site, which is currently being installed. The recent move of our head office function to temporary offices in Stansted has reduced our overall footprint, before our ultimate move to the new site at Rugby.

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;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors & officers indemnity

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

Future developments

The construction of the group's new operational and office site near Rugby was completed during 2022, with the fit-out phase of operational plant and machinery underway at the moment. Parts of the site are expected to be in operation towards the end of 2023 and fully operational in the first half of 2024.

Engagement with suppliers, customers and others

The Board recognises that our customers are key to the success of the business. We aim to develop partnerships with our customers to ensure they receive value for money and professional customer service. In the same way, we rely heavily on our key suppliers, and we work together with them to secure stable supplies of product and service that will ensure we can service our customer needs, as and when required.

Financial instruments

The group has funded the construction phase and part of the fit-out phase of the Rugby development from its own cash reserves. Loan funding from Lloyds Bank plc was signed off in June 2022, to help support the remainder of the development. The funding available to us is via an invoicing discounting facility, providing funds based on the level of our trade debtors, and a revolving credit facility, as required on a periodic basis. The loans are secured on the freehold property owned by the parent company, W. H. Palmer & Co. (Industries) Ltd, and cross guarantees between the three trading companies of the group. Debtors and creditors are monitored to mitigate the effects of customers struggling to pay their debts and to ensure our suppliers are paid on time.

Directors' report (continued)
For the year ended 31 December 2022

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

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

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

R C Evans
Director
Date: 16th May 2023

Group strategic report
For the year ended 31 December 2022

Introduction

The directors present their group strategic report for the year ended 31 December 2022.

Business review

With the effect of Brexit and the COVID pandemic dominating the business over the last couple of years, these impacts had largely dissipated by the start of 2022. However, the company found itself subjected to new pressures, which made for another interesting year. On the global stage, the major effect on many businesses was the start of the war in Ukraine, which is one of the largest producers of wheat in the world. For Alcohols, this had a substantial impact on the supply of grain spirit, a key ingredient in our gin and spirit production. Despite Russia's eventual agreement to the Black Sea Grain Initiative allowing ships of grain to leave Ukraine, destined for markets all over the world, the ultimate effect was an increase in the cost of grain by up to 50%. Some of these price rises have been passed on to our clients, but the market could not bear the full cost rise and we have had to absorb a portion of these additional costs ourselves. Along with a small increase in spirit sold, this has led to an increase in revenues and a rise, albeit smaller, in gross profit. However, the actual margin achieved per unit of alcohol sold fell by 1.5%. It was notable that, after the bureaucratic difficulties exporting our products after Brexit, export volumes enjoyed double-digit growth over 2021. However, the transport costs of sending these products overseas is still higher than pre-Brexit.

In our Solvents division, material cost prices were subject to upward pressures, due to the global oil and energy crisis again caused primarily by the Russia/Ukraine war. Many of the products we sell are oil derivatives and energy is a major refining cost in the breaking down of the oil into the various different saleable products. The energy cost increase was so high that, in some cases, producers decided to temporarily halt their production of some products, leading to supply and demand issues and further pressure on prices. Overall, the market was difficult and sales of Solvent products fell by 4%. Energy prices have hit business elsewhere in secondary supplies as well, not least affecting the cost of delivery into the business and out to our customers. As we know, CPI hit 10% towards the end of the year, and these inflationary pressures have filtered through from all our suppliers, of goods and services, as they have come under pressure within their own supply chains.

So the story of the year has been one of substantially higher costs, for various different reasons, many of which ultimately lead back to the political instability in Eastern Europe. Confidence in UK PLC is weak at the moment, with low growth and a poor forecast for 2023 compared to other G20 countries. Despite these difficulties, the group managed to achieve a profit before tax of £3.5m. During this time, a major focus for the group has been the development of our new operational site just outside Rugby. Work started here in late 2021 and by the end of 2022 the construction phase had been completed with video updates posted on social media and our website. The next phase is now underway, which involves fitting out the site with the plant and machinery required to make it an operational site. We look forward to making the site fully operational in the first half of 2024. In order to fund the development of this site, loan facilities with Lloyds Bank plc were signed off in June 2022, giving us access to the financial support required.

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

Principal risks and uncertainties

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

1. Raw material availability, which is subject to global fluctuations in demand and refinery shutdowns by producers. The Group monitors the market closely and has developed good relationships with different global suppliers, in order to secure supply for its customers, even in times of product shortage.
2. Raw material pricing. As with many commodities, the market prices for many of our raw materials often fluctuate, in particular in line with supply and demand. We continue to monitor these prices closely to ensure that margin can still be made on every sale.
3. Foreign exchange currency fluctuations. The group buys and sells product in several major currencies, thereby mitigating our exposure to currency risk through a natural hedge.
4. Credit risk. In the current competitive market, the company faces pressure for extended credit while suppliers expect to be paid promptly, potentially exposing the group to credit risk, which is managed through robust credit control, monitoring procedures and close relationships with our customers.

Principal risks and uncertainties (continued)

5. Regulatory changes continue to impose increased obligations on the chemical industry, with Brexit increasing this burden. The Group has invested in regulatory staff and resources to ensure that our systems are continually improving and that the Group remains compliant with all relevant legislation.
6. Global political instability is currently providing uncertainty for business the world over, with the war in Ukraine and relationships between the East and the West taking a downward turn. We monitor global developments and nurture relationships with customers and suppliers in different parts of the world, in order to spread our risk and to develop opportunities wherever they arise.
7. Lack of economic confidence at home has stemmed from the consumer cost of living crisis and inflation at over 10%. We have experienced the failure of some customers and our sales teams seek new opportunities to replace losses where these occur. This will continue even after the predicted normalisation of inflation levels has occurred.

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 CA 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 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 its 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 whom 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.

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

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 of 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.

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 the registrations.

The Group is registered with Ecovadis, a key provider of business sustainability ratings, focusing on the four themes of environmental impact, labour and human rights, ethics and sustainable procurement. The annual assessment interrogates the Group's business policies and provides an overall rating on the Group's performance against set criteria. Perhaps more importantly, the assessment also provides feedback on areas that would benefit from additional focus, giving us the opportunity to improve our standing. We are pleased to report that the group has achieved an overall Gold rating for the second year running.

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. The Board is comprised of directors with differing and wide-ranging experience, from within the business and from outside. The inclusion of non-executive directors provides an additional viewpoint on the business and constructive challenge, which helps to support the executive directors. The expertise of the directors covers areas such as operations and commercial, finance, health & safety and human resources. 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 as a whole and in the interests of all stakeholders.

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

R C Evans
Director
Date: 16th May 2023

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

Opinion

We have audited the financial statements of W.H.Palmer & Co. (Industries) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, 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 2022 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. The directors are responsible for the other information contained within the Annual Report.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.

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

Other information (continued)

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

Auditors' responsibilities for the audit of the financial statements (continued)

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.

Capability of the audit in detecting irregularities, including fraud (continued)

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, storage and labelling of dangerous goods. We considered the extent to which non-compliance might have a material effect on the financial statements. 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, taxation and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment properties, depreciation and valuation of the stock and bad debt provision. Audit procedures performed by the group engagement team included:

- Detailed discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud; and
- Assessment of identified fraud risk factors; and
- Testing of internal controls procedures relating to expenditure potentially more susceptible to fraud and other irregularities including cash and payroll; and
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud; and
- Reading minutes of meetings of those charged with governance and reviewing correspondence with relevant tax and regulatory authorities; and
- Reviewing post year end cash received and credit notes raised in relation to year end trade debtor balances; and
- Checking and reperforming the reconciliation of key control accounts; and
- Review of internal controls and physical inspection of tangible assets susceptible to fraud or irregularity ; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation ; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions ; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Performing analytical procedures with and without automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Identifying and testing journal entries, in particular any manual entries made at the year end; and
- 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.

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

Auditors' responsibilities for the audit of the financial statements (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, 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: 17 May 2023

Consolidated statement of comprehensive income
For the year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	**44,519,878**	36,856,624
Cost of sales		**(32,753,113)**	(26,297,067)
Gross profit		**11,766,765**	10,559,557
Distribution costs		**(4,299,086)**	(4,268,511)
Administrative expenses		**(4,110,921)**	(3,045,769)
Other operating income	5	**127,000**	150,000
Operating profit	6	**3,483,758**	3,395,277
Interest receivable and similar income	10	**30,903**	27,658
Other finance income		**-**	17,000
Profit before taxation		**3,514,661**	3,439,935
Tax on profit	12	**281,794**	(928,811)
Profit for the financial year		**3,796,455**	2,511,124
Actuarial losses on defined benefit pension scheme		**(25,000)**	(1,269,000)
Pension surplus not recognised		**15,000**	1,212,000
Other comprehensive income for the year		**(10,000)**	(57,000)
Total comprehensive income for the year		**3,786,455**	2,454,124
Profit for the year attributable to:			
Owners of the parent Company		**3,796,455**	2,511,124

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

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

Consolidated balance sheet
As at 31 December 2022

	Note		2022 £		2021 £
Fixed assets					
Intangible assets	13		**19,995**		24,713
Tangible assets	14		**21,071,151**		6,073,436
Investments	15		**12,618**		1,000
Investment property	16		**1,200,000**		1,200,000
			22,303,764		7,299,149
Current assets					
Stocks	17	**3,170,256**		3,481,663	
Debtors: amounts falling due within one year	18	**7,658,751**		6,385,849	
Cash at bank and in hand	19	**3,616,206**		16,391,723	
		14,445,213		26,259,235	
Creditors: amounts falling due within one year	20	**(5,353,034)**		(5,362,579)	
Net current assets			**9,092,179**		20,896,656
Total assets less current liabilities			**31,395,943**		28,195,805
Provisions for liabilities					
Deferred taxation	21	**(648,250)**		(924,029)	
Other provisions	22	**(767,390)**		(497,928)	
			(1,415,640)		(1,421,957)
Net assets			**29,980,303**		26,773,848
Capital and reserves					
Called up share capital	25		**100,000**		100,000
Revaluation reserve	24		**1,058,806**		1,074,806
Investment property reserve	24		**972,688**		972,688
Profit and loss account	24		**27,848,809**		24,626,354
Equity attributable to owners of the parent Company			**29,980,303**		26,773,848

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

AJ Wallis

A J Wallis
Director
Date: 16th May 2023

R C Evans
Director
Date: 16th May 2023

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

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

Company balance sheet
As at 31 December 2022

	Note		2022 £		2021 £
Fixed assets					
Intangible assets	13		**19,995**		24,713
Tangible assets	14		**12,229,218**		4,631,639
Investments	15		**160,850**		160,850
Investment property	16		**1,200,000**		1,200,000
			13,610,063		6,017,202
Current assets					
Debtors: amounts falling due within one year	18	**13,136**		4,267,132	
Cash at bank and in hand	19	**37,839**		21,192	
		50,975		4,288,324	
Creditors: amounts falling due within one year	20	**(3,864,076)**		(573,561)	
Net current (liabilities)/assets			**(3,813,101)**		3,714,763
Total assets less current liabilities			**9,796,962**		9,731,965
Provisions for liabilities					
Deferred taxation	21		**-**		(655,466)
Net assets			**9,796,962**		9,076,499
Capital and reserves					
Called up share capital	25		**100,000**		100,000
Revaluation reserve	24		**1,058,806**		1,074,806
Investment property reserve	24		**972,688**		972,688
Profit and loss account			**7,665,468**		6,929,005
			9,796,962		9,076,499

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: 16th May 2023	Date: 16th May 2023

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

Consolidated statement of changes in equity
For the year ended 31 December 2022

	Called up share capital	Revaluation reserve	Investment property revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2021	**100,000**	**1,090,806**	**822,688**	**22,906,230**	**24,919,724**
Comprehensive income for the year					
Profit for the year	-	-	-	2,511,124	2,511,124
Actuarial losses on pension scheme	-	-	-	(57,000)	(57,000)
Total comprehensive income for the year	-	-	-	**2,454,124**	**2,454,124**
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(600,000)	(600,000)
Transfer to/(from) profit and loss account	-	(16,000)	150,000	(134,000)	-
At 1 January 2022	**100,000**	**1,074,806**	**972,688**	**24,626,354**	**26,773,848**
Comprehensive income for the year					
Profit for the year	-	-	-	3,796,455	3,796,455
Actuarial losses on pension scheme	-	-	-	(10,000)	(10,000)
Total comprehensive income for the year	-	-	-	**3,786,455**	**3,786,455**
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(580,000)	(580,000)
Transfer to/(from) profit and loss account	-	(16,000)	-	16,000	-
At 31 December 2022	**100,000**	**1,058,806**	**972,688**	**27,848,809**	**29,980,303**

Company statement of changes in equity
For the year ended 31 December 2022

	Called up share capital	Revaluation reserve	Investment property revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2021	100,000	1,090,806	822,688	3,314,902	5,328,396
Comprehensive income for the year					
Profit for the year	-	-	-	4,348,103	4,348,103
Total comprehensive income for the year	-	-	-	4,348,103	4,348,103
Dividends: Equity capital	-	-	-	(600,000)	(600,000)
Transfer to/(from) profit and loss account	-	(16,000)	150,000	(134,000)	-
At 1 January 2022	100,000	1,074,806	972,688	6,929,005	9,076,499
Comprehensive income for the year					
Profit for the year	-	-	-	1,300,463	1,300,463
Total comprehensive income for the year	-	-	-	1,300,463	1,300,463
Dividends: Equity capital	-	-	-	(580,000)	(580,000)
Transfer to/(from) profit and loss account	-	(16,000)	-	16,000	-
At 31 December 2022	100,000	1,058,806	972,688	7,665,468	9,796,962

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

Consolidated statement of cash flows
For the year ended 31 December 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	**3,796,455**	2,511,124
Adjustments for:		
Amortisation of intangible assets	**4,718**	4,718
Depreciation of tangible assets	**500,889**	437,223
Impairments of fixed assets	**-**	321,485
Gain on disposal of tangible assets	**(14,552)**	(3,375)
Interest received	**(30,903)**	(27,658)
Taxation charge	**(281,794)**	928,811
Decrease/(increase) in stocks	**311,407**	(458,381)
(Increase) in debtors	**(722,902)**	(373,830)
Increase/(decrease) in creditors	**302,667**	(670,080)
Increase/(decrease) in provisions	**269,462**	(377,072)
Corporation tax (paid)	**(856,197)**	(791,632)
Revaluation (gains)/losses on investment properties	**-**	(150,000)
Defined benefit pension contribution paid	**(10,000)**	(40,000)
Income from pension scheme	**-**	(17,000)
Net cash generated from operating activities	**3,269,250**	1,294,333
Cash flows from investing activities		
Purchase of intangible fixed assets	**-**	(1,364)
Purchase of tangible fixed assets	**(15,538,437)**	(1,616,764)
Sale of tangible fixed assets	**54,385**	24,850
Purchase of unlisted and other investments	**(11,618)**	-
Interest received	**30,903**	27,658
Net cash from investing activities	**(15,464,767)**	(1,565,620)
Cash flows from financing activities		
Dividends paid	**(580,000)**	(600,000)
Net cash used in financing activities	**(580,000)**	(600,000)
Net (decrease) in cash and cash equivalents	**(12,775,517)**	(871,287)
Cash and cash equivalents at beginning of year	**16,391,723**	17,263,010
Cash and cash equivalents at the end of year	**3,616,206**	16,391,723
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**3,616,206**	16,391,723

Consolidated Analysis of Net Debt
For the year ended 31 December 2022

	At 1 January 2022 £	Cash flows £	Other non-cash changes £	At 31 December 2022 £
Cash at bank and in hand	**16,391,723**	**(12,600,597)**	**(174,920)**	**3,616,206**

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 is The Distillery, Crosswells Road, Langley Green, Warley, England, B68 8HA. The principal place of business is Endeavour House, Coopers End Road, Stansted, Essex, CM24 1SJ. Details of the principal activity of the company are included in the directors report on page 1.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

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

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Turnover

Turnover represents sales at invoiced amounts less value added tax, duty or local taxes on sales.

Turnover is recognised when the risks and rewards of owning the goods pass to the customer which is generally on delivery.Rental income is charged on an accruals basis.

2.4 Operating leases: the Group as lessee

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

2. Accounting policies (continued)

2.5 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 Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the 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, currently in the process of being wound up, and the pension charge is based on a full actuarial valuation dated 31 May 2020. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

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

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

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

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

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

2. Accounting policies (continued)

2.6 Current and deferred taxation

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

Current or deferred taxation assets and liabilities are not discounted.

Current Taxation

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

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. 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.

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.

2. Accounting policies (continued)

2.7 Intangible assets (continued)

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

The estimated useful lives range as follows:

Trademarks	-	10 years

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

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.

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

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. Accounting policies (continued)

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.

2.11 Investment property

Investment property is carried at fair value determined annually by external valuers 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.

Changes in excess of cost are transferred to the Investment property reserve as non-distributable reserves.

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 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.15 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

2.18 Financial instruments

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

2.19 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.

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

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

Accruals (Note 20)

The directors make judgments based on experience on the level of provision required to account for unbilled invoices. At the balance sheet date the group has recognised £1,025,257 (2021: £746,112) and the company has recognised £26,527 (2021: £636,887) in respect of unbilled invoices which has been included in accruals and deferred income in Note 20 to these financial statements.

3. Judgments in applying accounting policies (continued)

Bad debt provision (Note 18)

The directors make judgments based on experience on the level of provision required to account for potential unpaid receivables. At the balance sheet date the group has recognised £147,505 (2021: £81,908) and the company has recognised £Nil (2021: £Nil) in respect to potential unpaid receivables which has been included in trade debtors in Note 18 of these financial statements.

Also included within Trade debtors in Note 18 are two balances totalling £556,456 which at the date of approval of these financial statements remain outstanding for over 4 months. No provision for bad debts has been accounted for as the directors are confident these debtors will be paid. History proves that these debtors can take a long time to be paid and these debtors have always paid their debts in full.

Intercompany management fee

Timesheet records are not kept therefore management assess an estimate of how much time is spent by group employees on work for Trithin Products Limited. The time spent equates to £100,000 (2021: £110,000) of employees wages and salaries. This is considered to be accurate, however it includes and element of estimation technique.

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. The defined benefit pension scheme asset not accounted for in the in the financial statements at year end is £7,000 (2021: £21,000).

RDBS buyout provision (Note 22)

The group has provided for an amount of £292,390 (2021: £472,928) for the remaining GMP equalisation and buyout costs to conclude the wind up of the defined benefit pension scheme. This amount is an estimate provided by the scheme's consultants.

Restructuring costs provision (Note 22)

The Group has provided for an amount of £450,000 (2021: £Nil) for the restructuring costs associated with the 3 site relocations to Rugby. This amount is an estimate based on management's expectations and will depend upon the value of the liabilities as they fall due.

4. Turnover

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

	2022 £	2021 £
Distillation of gin and the sourcing, packing and distribution of solvents and alcohol products	**44,465,572**	36,812,558
Rental income	**54,306**	44,066
	44,519,878	36,856,624

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	**34,632,626**	30,756,669
Rest of the world	**9,887,252**	6,099,955
	44,519,878	36,856,624

5. Other operating income

	2022 £	2021 £
Other operating income	**127,000**	-
Revaluation gains on investment properties	**-**	150,000
	127,000	150,000

6. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	**500,889**	437,223
Impairment of tangible fixed assets	**-**	321,485
Amortisation of intangible fixed assets, including goodwill	**4,718**	4,718
Exchange differences	**(102,184)**	11,320
Other operating lease rentals	**57,533**	99,899
Defined contribution pension cost	**112,824**	106,931
	573,780	981,576

7. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors and their associates:

	2022 **£**	2021 £
Fees payable to the Group's auditors for the audit of the Group's financial statements	**42,400**	40,000
Fees payable to the Company's auditors in respect of:		
The auditing of accounts of the company pursuant to legislation	**6,500**	6,100

8. Employees

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

	Group 2022 £	Group 2021 £	**Company 2022 £**	Company 2021 £
Wages and salaries	**2,700,176**	2,482,746	**26,000**	57,289
Social security costs	**314,776**	269,355	**1,091**	1,656
Cost of defined contribution scheme	**112,824**	106,932	**-**	-
	3,127,776	2,859,033	**27,091**	58,945

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

	2022 No.	2021 No.
Administration and management	**20**	21
Operational, selling and distribution	**49**	47
	69	68

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	**499,690**	452,581
Group contributions to defined contribution pension schemes	**30,520**	46,104
	530,210	498,685

The highest paid director received remuneration of £212,452 (2021: £207,322) comprising of cash totalling £182,122 (2021: £173,402) and benefits in kind and other remuneration totalling £30,330 (2021: £34,280).

The annual accrued entitlement under defined benefit pension schemes in respect of the highest paid director amounted to £36,688 (2021: £32,922). The value of the Group's contributions paid to defined contribution pension scheme in respect of the highest paid director amounted to £14,473 (2021: £13,854).

During the year retirement benefits were accruing to 3 directors (2021: 3) in respect of defined contribution pension schemes and retirement benefits were accruing to 1 director (2021: 1) in respect of defined benefit pension schemes.

10. Interest receivable

	2022 £	2021 £
Bank interest receivable	**30,903**	27,658

11. Other finance income

	2022 £	2021 £
Interest income on pension scheme assets	**111,000**	105,000
Net interest on net defined benefit liability	**(111,000)**	(88,000)
	-	17,000

12. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	-	682,212
Adjustments in respect of previous periods	(6,014)	-
Deferred tax		
Origination and reversal of timing differences	(275,780)	246,599
Taxation on (loss)/profit on ordinary activities	**(281,794)**	928,811

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	**3,514,661**	3,439,935
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	**667,786**	653,587
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**111,214**	8,556
Capital allowances for year in excess of depreciation	**(2,619,854)**	(1,018)
Adjustments to tax charge in respect of prior periods	**(6,014)**	-
Tangible fixed assets impairment	-	61,082
Non-taxable income	**(23,180)**	(28,500)
Book profit on chargeable assets	**(2,765)**	(641)
Changes in provisions leading to an increase (decrease) in the tax charge	**49**	(24)
Pension contribution paid	**(1,900)**	(7,600)
Pension scheme finance income	-	(3,230)
Deferred tax movement	**(275,780)**	246,599
Unrelieved tax losses carried forward	**1,867,962**	-
Qualifying charitable donations not offset	**688**	-
Total tax charge for the year	**(281,794)**	928,811

Factors that may affect future tax charges

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

13. Intangible assets

Group

	Trademarks £
Cost	
At 1 January 2022 and at 31 December 2022	47,178
Amortisation	
At 1 January 2022	22,465
Charge for the year on owned assets	4,718
At 31 December 2022	27,183
Net book value	
At 31 December 2022	19,995
At 31 December 2021	24,713

Company

	Trademarks £
Cost	
At 1 January 2022 and at 31 December 2022	47,178
Amortisation	
At 1 January 2022	22,465
Charge for the year	4,718
At 31 December 2022	27,183
Net book value	
At 31 December 2022	19,995
At 31 December 2021	24,713

Notes to the financial statements
For the year ended 31 December 2022

14. Tangible fixed assets

Group

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Assets under the course of construction £	Total £
Cost or deemed cost							
At 1 January 2022	3,082,278	223,492	3,804,065	440,183	543,944	2,443,608	10,537,570
Additions	7,613,579	-	7,809,667	49,025	66,166	-	15,538,437
Disposals	-	-	-	(68,490)	-	-	(68,490)
Transfers between classes	2,268,108	(61,913)	61,913	-	-	(2,268,108)	-
At 31 December 2022	12,963,965	161,579	11,675,645	420,718	610,110	175,500	26,007,517
Depreciation							
At 1 January 2022	80,000	150,184	2,875,014	267,361	452,828	638,747	4,464,134
Charge for the year on owned assets	16,000	2,968	337,251	73,576	71,094	-	500,889
Disposals	-	-	-	(28,657)	-	-	(28,657)
Transfers between classes	638,747	-	-	-	-	(638,747)	-
At 31 December 2022	734,747	153,152	3,212,265	312,280	523,922	-	4,936,366
Net book value							
At 31 December 2022	12,229,218	8,427	8,463,380	108,438	86,188	175,500	21,071,151
At 31 December 2021	3,002,278	73,308	929,051	172,822	91,116	1,804,861	6,073,436

14. Tangible fixed assets (continued)

Included within Freehold property are land and buildings held at deemed cost less depreciation of £1,924,000 (2021: £1,940,000). 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 (2021: £947,065), less depreciation of £379,278 (2021: £363,278).

Company

	Freehold property £	Assets in the course of construction £	Total £
Cost or deemed cost			
At 1 January 2022	**3,082,278**	**2,268,108**	**5,350,386**
Additions	**7,613,579**	**-**	**7,613,579**
Transfers between classes	**2,268,108**	**(2,268,108)**	**-**
At 31 December 2022	**12,963,965**	**-**	**12,963,965**
Depreciation			
At 1 January 2022	**80,000**	**638,747**	**718,747**
Charge for the year on owned assets	**16,000**	**-**	**16,000**
Transfers between classes	**638,747**	**(638,747)**	**-**
At 31 December 2022	**734,747**	**-**	**734,747**
Net book value			
At 31 December 2022	**12,229,218**	**-**	**12,229,218**
At 31 December 2021	3,002,278	1,629,361	4,631,639

Included within Freehold property are land and buildings held at deemed cost less depreciation of £1,924,000 (2021: £1,940,000). 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 (2021: £947,065), less depreciation of £379,278 (2021: £363,278).

15. Fixed asset investments

Group

	Unlisted investments £
Cost	
At 1 January 2022	63,394
Additions	11,618
At 31 December 2022	75,012
Impairment	
At 1 January 2022 and at 31 December 2022	62,394
Net book value	
At 31 December 2022	12,618
At 31 December 2021	1,000

Company

	Trade investments £
At 1 January 2022 and at 31 December 2022	160,850
Net book value	
At 31 December 2022	160,850
At 31 December 2021	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 The Distillery Crosswells Road, Langley Green, Warley, England, B68 8HA.

16. Investment property

Group

	Freehold investment property £
Valuation	
At 1 January 2022 and at 31 December 2022	**1,200,000**

The 2022 valuations were made by directors, on an open market value for existing use basis.

Company

	Freehold investment property £
Valuation	
At 1 January 2022 and at 31 December 2022	**1,200,000**

The 2022 valuations were made by directors, on an open market value for existing use basis.

17. Stocks

	Group 2022 £	Group 2021 £
Stocks and goods for resale	**3,170,256**	3,481,663

18. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	**5,634,201**	5,943,952	-	-
Amounts owed by group undertakings	-	-	-	4,191,352
Other debtors	**1,555,440**	80,138	**3,320**	68,010
Prepayments and accrued income	**469,110**	361,759	**9,816**	7,770
	7,658,751	6,385,849	**13,136**	4,267,132

19. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	**3,616,206**	16,391,723	**37,839**	21,192

20. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Payments received on account	**409,392**	661,034	-	-
Trade creditors	**3,118,153**	2,834,503	**7,919**	8,650
Amounts owed to group undertakings	-	-	**3,802,045**	-
Corporation tax	-	312,212	-	33,528
Other taxation and social security	**348,106**	256,933	-	-
Other creditors	**42,169**	20,402	**27,585**	-
Accruals and deferred income	**1,435,214**	1,277,495	**26,527**	531,383
	5,353,034	5,362,579	**3,864,076**	573,561

21. Deferred taxation

Group

	2022 £
At beginning of year	924,029
Charged to profit or loss	(275,779)
At end of year	**648,250**

Company

	2022 £
At beginning of year	655,466
Charged to profit or loss	(655,466)
At end of year	-

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Accelerated capital allowances	2,116,395	274,846	-	-
Short term timing differences	(6,314)	(6,283)	-	-
Fair value adjustments	655,467	655,466	655,467	655,466
Tax losses carried forward	(2,117,298)	-	(655,467)	-
	648,250	924,029	-	655,466

22. Provisions

Group

	Dilapidation provision £	RDBS buyout provision £	Restructuring costs provision £	Total £
At 1 January 2022	25,000	472,928	-	497,928
Charged to profit or loss	-	(180,538)	450,000	269,462
At 31 December 2022	**25,000**	**292,390**	**450,000**	**767,390**

Notes to the financial statements
For the year ended 31 December 2022

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 after tax of the parent Company for the year was £1,300,463 (2021: £4,348,103).

24. 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 party 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.

25. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
100,000 (2021 - 100,000) Ordinary shares of £1.00 each	**100,000**	100,000

26. Dividends

	2022	2021
	£	£
Final dividends paid on equity capital of £5.80 (2021: £6) per share	**580,000**	600,000

27. Capital commitments

At 31 December 2022 the Group and Company had capital commitments as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Contracted for but not provided in these financial statements	**6,601,080**	9,013,843	**390,096**	8,944,935

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 £112,824 (2021: £106,931). At the year end, £258 (2021: £Nil) remained unpaid.

The Group also operates a defined benefit pension scheme which is in the process of being wound up. 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 liabilities:

	2022 £	2021 £
Reconciliation of present value of plan liabilities		
Interest income	-	17,000
Actuarial gains/(losses)	**(25,000)**	(1,269,000)
Derecognition of surplus	**15,000**	1,212,000
At the end of the year	**(10,000)**	(40,000)

Composition of plan liabilities:

	2022 £	2021 £
Other plan assets	**3,474,000**	5,782,000
Cash	**7,000**	21,000
Total plan liabilities	**3,481,000**	5,803,000

	2022 £	2021 £
Fair value of plan assets	**(10,000)**	(40,000)
Present value of plan liabilities	**10,000**	40,000
Net pension scheme liability	**-**	-

28. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2022 £	2021 £
Interest on obligation	**(111,000)**	(88,000)
Interest income on plan assets	**111,000**	105,000
Total	**-**	17,000

Reconciliation of fair value of plan liabilities were as follows:

	2022 £	2021 £
Opening defined benefit obligation	**5,782,000**	6,410,000
Interest cost	**111,000**	88,000
Actuarial (gains)/losses	**(1,930,000)**	(432,000)
Benefits paid	**(489,000)**	(284,000)
Closing defined benefit obligation	**3,474,000**	5,782,000

Reconciliation of fair value of plan assets were as follows:

	2022 £	2021 £
Opening fair value of scheme assets	**5,803,000**	7,643,000
Interest income on plan assets	**111,000**	105,000
Actuarial gains and (losses)	**(1,954,000)**	(1,701,000)
Contributions by employer	**10,000**	40,000
Actuarial losses	**(489,000)**	(284,000)
	3,481,000	5,803,000

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was a loss of £25,000 (2021: loss £1,269,000).

The Group expects to contribute £Nil to its defined benefit pension scheme. in 2023.

28. Pension commitments (continued)

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

	2022 %	2021 %
Discount rate	**4.80**	2.00
Future salary increases	**2.45**	2.55
Future pension increases post April 1997	**3.00**	3.10
CPI Inflation	**2.45**	2.55
Price Inflation	**3.10**	3.20
Mortality rates		
- for a male aged 65 now	**22 years**	22 years
- at 65 for a male aged 45 now	**23 years**	23 years
- for a female aged 65 now	**24 years**	24 years
- at 65 for a female member aged 45 now	**25 years**	25 years

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

Defined benefit pension schemes

	2022 £	2021 £	2020 £	2019 £	2018 £
Defined benefit obligation	**(3,474,000)**	(5,782,000)	(6,410,000)	(5,987,000)	(5,788,000)
Scheme assets	**3,481,000**	5,803,000	7,643,000	6,867,000	6,608,000
Surplus	**7,000**	21,000	1,233,000	880,000	820,000
Experience adjustments on scheme liabilities	**(210,000)**	(6,000)	44,000	11,000	(11,000)
Experience adjustments on scheme assets	**(1,954,000)**	(1,701,000)	554,000	557,000	(316,000)
	(2,164,000)	**(1,707,000)**	**598,000**	**568,000**	**(327,000)**

29. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Not later than 1 year	**25,188**	-	**13,188**	-
Later than 1 year and not later than 5 years	**4,000**	-	-	-
	29,188	-	**13,188**	-

30. *Contingent liabilities*

VAT group

The company forms a VAT group with Alcohols Limited and Trithin Products Limited and as such is jointly and severally liable for any liabilities as they fall due. No provision has been made because the directors consider that all parties have the financial resources to meet the liability as it falls due and it is therefore unlikely that this company will incur any additional liability. The total VAT liability not recognised in the company accounts of W.H.Palmer & Co. (Industries) Ltd is £191,543 (2021: £171,385). 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.

Roll over relief on corporation tax charge

Following serious damage from a fire in 2012 at the West Midlands site, a roll over relief claim for corporation tax was made. In line with the rules for claiming roll over relief sufficient funds had not been spent on the 5 acre site purchased for the development and centralisation of group activities within 3 years. Having taken professional advice, the directors understand that their extended circumstances will be taken into account and HMRC will be lenient in extending the time limits, as such no provision for additional corporation tax liability has been made in these financial statements. The maximum unprovided corporation tax liability is £417,134 (2021 : £417,134) plus accruing interest of £90,957 (2021: £79,293).

There is a legal charge over the investment property held in the financial statements at a carrying value of £1,200,000 (2021: £1,200,000) by the trustees of Alcohols Limited Retirement and Death Benefit Scheme.

On 18 July 2022, the Company entered into a guarantee to pledge its current and future property and assets with Lloyds Bank PLC, by way of a fixed and floating charge, against the company's own secured loan obligations and those of Alcohols Limited, the Company's subsidiary, with Lloyds Bank PLC. At the date of the balance sheet, no funds had been drawn down on the loan facility.

31. Transactions with directors

During the year, the company paid dividends totalling £99,871 (2021: £103,584) to directors and their close family.

During the year the group paid £12,000 (2021: £12,000) to a non-executive director of Alcohols Limited for consultancy services. At the balance sheet date £Nil (2021: £Nil) was outstanding.