

Registered number: 00547325

Alcohols Limited

Directors' report and financial statements

for the year ended 31 December 2016

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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
Bankers	National Westminster Bank plc 134 Aldersgate Street London EC1A 4LD

Alcohols Limited

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Alcohols Limited

Directors' report for the year ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

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

During the year, R H Ling retired as a full time director of the company and continues as a non-executive director.

Results and dividends

The profit for the year, after taxation, amounted to £1,588,273 (2015: £1,773,460).

Ordinary dividends amounting to £220,000 (2015: £220,000) 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 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 financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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 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.

Alcohols Limited

Directors' report for the year ended 31 December 2016

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. A 5 acre site has been purchased for development and the centralising 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 that director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- that 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 on *8th May 2017* and signed on its behalf.



R C Evans
Director

Alcohols Limited

Group strategic report for the year ended 31 December 2016

Introduction

The directors present their group strategic report for the year ended 31 December 2016.

Business review

Group turnover for the year increased to £22.8m (2015: £21.2m), due to the increase in both the volumes and prices of chemicals sold. Because of the competitive nature of the chemical distribution business, gross profit is an important key performance indicator. This has grown to £7.7m (2015: £6.7m), with an improved margin of 34% (2015: 32%). Growth has come in all areas of the business. Both challenges and opportunities arose during the year and the directors are pleased to report a consolidated profit after taxation of £1.6m (2015: £1.8m), demonstrating the financial robustness of the business. Under FRS 102, the group's defined benefit pension scheme is still in surplus of £25,000, as calculated by the actuary, despite an overall increase in the present value of defined benefit obligations.

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.

The market continues to be challenging and the uncertainty created by the UK's decision to leave the EU and the newly emerging global political landscape is likely to provide both threats and opportunities in the years to come. The directors feel that the group can best weather any emerging storm by continuing to focus on selling quality product and supporting its loyal customer base with high levels of customer service. The directors therefore have reasonable expectations of continuing solid profits over the next 12 months.

The consolidated statement of comprehensive income for the year is set out on page 7.

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 plant shutdowns by producers. The group monitors the market closely and sources product from several suppliers where necessary in order to ensure a supply for our customers.
2. Raw material pricing. Prices can be volatile and these 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 and monitoring procedures.
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 uncertainty created by the UK's vote to leave the EU and the new political landscape in western countries where the traditional political system is being challenged. We have already experienced consequential volatility in exchange rates, but have managed these as detailed above. Domestic and international trade may be effected in the years to come, but the group will monitor the situation and aim to develop its business where it sees opportunities arising.

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

Alcohols Limited

**Group strategic report (continued)
for the year ended 31 December 2016**

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 *8th May 2017* and signed on its behalf.



R C Evans
Director

Alcohols Limited

Independent auditors' report to the shareholders of Alcohols Limited

We have audited the financial statements of Alcohols Limited for the year ended 31 December 2016, set out on pages 7 to 30. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement on, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2016 and of the Group's profit or loss 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.

Opinion on other matter 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

Alcohols Limited

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

Matters on which we are required to report by exception

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

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



Stephen Tanner BSc(Econ) FCA (Senior statutory auditor)
for and on behalf of

Kreston Reeves LLP

Statutory Auditors & Chartered Accountants

Third Floor

24 Chiswell Street

London

EC1Y 4YX

Date: 8 May 2017

Alcohols Limited

**Consolidated statement of comprehensive income
for the year ended 31 December 2016**

	Note	2016 £	2015 £
Turnover	3	22,785,366	21,166,262
Cost of sales		<u>(15,099,741)</u>	<u>(14,421,541)</u>
Gross profit		7,685,625	6,744,721
Distribution costs		<u>(4,595,031)</u>	<u>(3,793,770)</u>
Administrative expenses		<u>(1,043,013)</u>	<u>(922,078)</u>
Operating profit	4	2,047,581	2,028,873
Interest receivable and similar income	7	33,592	30,279
Interest payable and expenses	8	(700)	(152)
Other finance income	23	14,000	7,000
Profit before taxation		2,094,473	2,066,000
Tax on profit	10	<u>(506,200)</u>	<u>(292,540)</u>
Profit for the year		<u>1,588,273</u>	<u>1,773,460</u>
Actuarial losses on defined benefit pension scheme	23	(516,000)	(29,000)
Pension surplus not recognised	23	252,000	(178,000)
Other comprehensive income for the year		<u>(264,000)</u>	<u>(207,000)</u>
Total comprehensive income for the year		<u>1,324,273</u>	<u>1,566,460</u>

The notes on pages 12 to 30 form part of these financial statements.

Alcohols Limited
Registered number: 00547325

Consolidated balance sheet
as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	11	7,905	7,905
Tangible assets	12	1,329,243	1,343,669
Investments	13	121,500	121,500
		<u>1,458,648</u>	<u>1,473,074</u>
Current assets			
Stocks	14	1,495,640	1,305,075
Debtors: amounts falling due within one year	15	3,904,290	3,712,797
Cash at bank and in hand	16	7,822,688	7,605,745
		<u>13,222,618</u>	<u>12,623,617</u>
Creditors: amounts falling due within one year	17	(3,987,940)	(4,642,561)
		<u>9,234,678</u>	<u>7,981,056</u>
Net current assets		<u>9,234,678</u>	<u>7,981,056</u>
Total assets less current liabilities		<u>10,693,326</u>	<u>9,454,130</u>
Provisions for liabilities			
Deferred taxation	18	(188,923)	(54,000)
		<u>(188,923)</u>	<u>(54,000)</u>
Net assets excluding pension asset		<u>10,504,403</u>	<u>9,400,130</u>
Pension asset	23	-	-
Net assets		<u><u>10,504,403</u></u>	<u><u>9,400,130</u></u>
Capital and reserves			
Called up share capital	19	1,000	1,000
Profit and loss account	20	10,503,403	9,399,130
Equity attributable to owners of the parent Company		<u><u>10,504,403</u></u>	<u><u>9,400,130</u></u>

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

8th May 2017


A. Wallis
Director


R C Evans
Director

The notes on pages 12 to 30 form part of these financial statements.

Alcohols Limited
Registered number: 00547325

Company balance sheet
as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	11	5	5
Tangible assets	12	1,329,243	1,343,669
Investments	13	129,500	129,500
		<u>1,458,748</u>	<u>1,473,174</u>
Current assets			
Stocks	14	1,399,716	1,256,683
Debtors: amounts falling due within one year	15	3,751,977	3,515,388
Cash at bank and in hand	16	7,743,689	7,485,189
		<u>12,895,382</u>	<u>12,257,260</u>
Creditors: amounts falling due within one year	17	<u>(4,462,074)</u>	<u>(5,048,088)</u>
Net current assets		<u>8,433,308</u>	<u>7,209,172</u>
Total assets less current liabilities		<u>9,892,056</u>	<u>8,682,346</u>
Provisions for liabilities			
Deferred taxation	18	<u>(188,923)</u>	<u>(54,000)</u>
		<u>(188,923)</u>	<u>(54,000)</u>
Net assets excluding pension asset		<u>9,703,133</u>	<u>8,628,346</u>
Pension asset		-	-
Net assets		<u>9,703,133</u>	<u>8,628,346</u>
Capital and reserves			
Called up share capital	19	1,000	1,000
Profit and loss account	20	9,702,133	8,627,346
		<u>9,703,133</u>	<u>8,628,346</u>

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

8th May 2017


A. Wallis
Director


R C Evans
Director

The notes on pages 12 to 30 form part of these financial statements.

Alcohols Limited

Consolidated statement of changes in equity for the year ended 31 December 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	1,000	9,399,130	9,400,130
Profit for the year	-	1,588,273	1,588,273
Actuarial losses on pension scheme	-	(264,000)	(264,000)
Dividends: Equity capital	-	(220,000)	(220,000)
At 31 December 2016	1,000	10,503,403	10,504,403

Consolidated statement of changes in equity for the year ended 31 December 2015

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	1,000	8,052,670	8,053,670
Profit for the year	-	1,773,460	1,773,460
Actuarial losses on pension scheme	-	(207,000)	(207,000)
Dividends: Equity capital	-	(220,000)	(220,000)
At 31 December 2015	1,000	9,399,130	9,400,130

The notes on pages 12 to 30 form part of these financial statements.

Alcohols Limited

**Company statement of changes in equity
for the year ended 31 December 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	1,000	8,627,346	8,628,346
Profit for the year	-	1,558,787	1,558,787
Actuarial losses on pension scheme	-	(264,000)	(264,000)
Dividends: Equity capital	-	(220,000)	(220,000)
At 31 December 2016	1,000	9,702,133	9,703,133

**Company statement of changes in equity
for the year ended 31 December 2015**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	1,000	7,299,207	7,300,207
Profit for the year	-	1,755,139	1,755,139
Actuarial losses on pension scheme	-	(207,000)	(207,000)
Dividends: Equity capital	-	(220,000)	(220,000)
At 31 December 2015	1,000	8,627,346	8,628,346

The notes on pages 12 to 30 form part of these financial statements.

Alcohols Limited

Notes to the financial statements for the year ended 31 December 2016

1. Accounting policies

1.1 Legal form

Alcohols Limited is a private limited company 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.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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 Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.3 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 2016 and these financial statements may be obtained from Companies House.

1.4 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 14 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.

1.5 Turnover

Turnover represents sales at invoiced amounts less value added tax 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.

Alcohols Limited

Notes to the financial statements for the year ended 31 December 2016

1. Accounting policies (continued)

1.6 Intangible assets

Goodwill

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

1.7 Tangible fixed assets

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

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to 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
Furniture & 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 within 'Administrative expenses' in the Consolidated Statement of Comprehensive Income.

1.8 Operating leases: 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.

1.9 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.

Alcohols Limited

Notes to the financial statements for the year ended 31 December 2016

1. Accounting policies (continued)

1.10 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 Comprehensive Income.

1.11 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 24 hours.

1.12 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 amounts receivable and payable, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

**Notes to the financial statements
for the year ended 31 December 2016**

1. Accounting policies (continued)

1.13 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 Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit pension plan

The Group operates a defined benefit pension scheme for certain employees and the pension charge is based on a full actuarial valuation dated 31 May 2014. 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 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 profit or loss as 'Other finance income'.

**Notes to the financial statements
for the year ended 31 December 2016**

1. Accounting policies (continued)

1.14 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

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.

1.15 Dividends

Equity dividends are recognised when they become legally payable.

1.16 Taxation

Tax is recognised in the Profit and Loss Account, 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 tax

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 tax

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.

Alcohols Limited

Notes to the financial statements for the year ended 31 December 2016

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

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

Useful economic lives of tangible assets (Note 12)

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 13 for the carrying amount of the property, plant and equipment and Note 1.7 for the useful economic lives for each class of assets.

Defined benefit pension scheme (Note 23)

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. The deferred tax that arises as a result of the surplus in the year has not been recognised because the surplus is not going to result in a repayment of contributions or reduced future contributions.

Determination of lease classification

The Group have significant leases in place. The 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.

3. Analysis of 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:

	2016 £	2015 £
United Kingdom	18,394,664	17,384,789
Rest of the world	4,390,702	3,781,473
	<u>22,785,366</u>	<u>21,166,262</u>

Alcohols Limited

Notes to the financial statements for the year ended 31 December 2016

4. Operating profit

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

	2016 £	2015 £
Depreciation of tangible fixed assets	272,212	247,531
Fees payable to the Group's auditor for the audit of the company's annual financial statements	33,500	32,800
Exchange differences	<u>(83,443)</u>	<u>38,016</u>

5. Employees

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

	2016 £	2015 £
Wages and salaries	1,825,520	1,615,352
Social security costs	205,394	179,400
Cost of defined contribution scheme	59,821	42,383
	<u>2,090,735</u>	<u>1,837,135</u>

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

	2016 No.	2015 No.
Administration and management	10	10
Operational, selling and distribution	44	39
	<u>54</u>	<u>49</u>

Alcohols Limited

Notes to the financial statements for the year ended 31 December 2016

6. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	333,871	306,800
Company contributions to defined contribution pension schemes	11,576	16,499
	<u>345,447</u>	<u>323,299</u>

During the year company contributions for 2 directors (2015: 2) were paid in respect of defined contribution pension schemes.

The highest paid director received remuneration of £171,844 (2015: £155,161).

The annual accrued entitlement under defined benefit pension schemes in respect of the highest paid director amounted to £49,871 (2015: £49,877).

During the year retirement benefits were accruing to 1 director (2015: 1) in respect of defined benefit pension schemes.

7. Interest receivable

	2016 £	2015 £
Bank interest receivable	33,121	30,279
Other interest receivable	471	-
	<u>33,592</u>	<u>30,279</u>

8. Interest payable and similar charges

	2016 £	2015 £
Other interest payable	700	152
	<u>700</u>	<u>152</u>

9. Other finance income

	2016 £	2015 £
Net interest on defined benefit pension scheme	14,000	7,000
	<u>14,000</u>	<u>7,000</u>

Alcohols Limited

**Notes to the financial statements
for the year ended 31 December 2016**

10. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	376,062	362,600
Adjustments in respect of previous periods	(4,785)	(1,060)
Total current tax	<u>371,277</u>	<u>361,540</u>
Deferred tax		
Origination and reversal of timing differences	134,923	(69,000)
Taxation on profit on ordinary activities	<u><u>506,200</u></u>	<u><u>292,540</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>2,094,473</u>	<u>2,066,000</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	418,895	418,365
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,217	2,364
Capital allowances for year in excess of depreciation	5,639	(12,359)
Adjustments to tax charge in respect of prior periods	(4,785)	(1,060)
Non-taxable income	-	(6,075)
Book profit on chargeable assets	(782)	(1,985)
Changes in provisions leading to an increase (decrease) in the tax charge	-	(4,050)
Pension contribution paid	(50,000)	(40,500)
Pension scheme finance income	(2,800)	(1,418)
Deferred tax movement	134,923	(69,000)
Other tax adjustments	(107)	8,258
Total tax charge for the year	<u><u>506,200</u></u>	<u><u>292,540</u></u>

Alcohols Limited

**Notes to the financial statements
for the year ended 31 December 2016**

11. Intangible assets

Group

	Goodwill
	£
Cost	
At 1 January 2016	197,905
Disposals	(190,000)
At 31 December 2016	<u>7,905</u>
At 1 January 2016	190,000
On disposals	(190,000)
At 31 December 2016	<u>-</u>
Net book value	
At 31 December 2016	<u>7,905</u>
At 31 December 2015	<u>7,905</u>

Company

	Goodwill
	£
Cost	
At 1 January 2016 and 31 December 2016	<u>5</u>
Net book value	
At 31 December 2016	<u>5</u>
At 31 December 2015	<u>5</u>

Alcohols Limited

**Notes to the financial statements
for the year ended 31 December 2016**

12. Tangible fixed assets

Group and Company

	Short term leasehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Assets in the course of construction £	Total £
Cost						
At 1 January 2016	161,579	2,739,999	456,947	132,727	117,000	3,608,252
Additions	-	187,648	55,274	18,256	-	261,178
Disposals	-	(1,467)	(41,783)	(1,256)	-	(44,506)
At 31 December 2016	<u>161,579</u>	<u>2,926,180</u>	<u>470,438</u>	<u>149,727</u>	<u>117,000</u>	<u>3,824,924</u>
Depreciation						
At 1 January 2016	132,383	1,830,950	200,702	100,548	-	2,264,583
Charge for the period on owned assets	2,967	155,537	97,623	16,085	-	272,212
Disposals	-	(1,467)	(38,391)	(1,256)	-	(41,114)
At 31 December 2016	<u>135,350</u>	<u>1,985,020</u>	<u>259,934</u>	<u>115,377</u>	<u>-</u>	<u>2,495,681</u>
Net book value						
At 31 December 2016	<u>26,229</u>	<u>941,160</u>	<u>210,504</u>	<u>34,350</u>	<u>117,000</u>	<u>1,329,243</u>
At 31 December 2015	<u>29,196</u>	<u>909,049</u>	<u>256,245</u>	<u>32,179</u>	<u>117,000</u>	<u>1,343,669</u>

Alcohols Limited

**Notes to the financial statements
for the year ended 31 December 2016**

13. Fixed asset investments

Group

	Investments in subsidiary companies	Unlisted investments	Total
	£	£	£
Cost			
At 1 January 2016 and 31 December 2016	<u>125,500</u>	<u>63,394</u>	<u>188,894</u>
Impairment			
At 1 January 2016 and 31 December 2016	<u>5,000</u>	<u>62,394</u>	<u>67,394</u>
Net book value			
At 31 December 2016	<u>120,500</u>	<u>1,000</u>	<u>121,500</u>
At 31 December 2015	<u>120,500</u>	<u>1,000</u>	<u>121,500</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Alcohols (North West) Limited	England & Wales	100,000 Ordinary shares of £1 each	100 %	Dormant
Lang-Met Distillers Limited	England & Wales	25,000 Ordinary shares of £1 each	100 %	Dormant
Langley Distillery Limited	England & Wales	5,000 Ordinary shares of £1 each	100 %	Dormant
Trithin Products Limited	England & Wales	100 Ordinary shares of £1 each	100 %	Export of chemical products

The aggregate of the share capital and reserves as at 31 December 2016 for the subsidiary undertakings not consolidated were as follows:

	Aggregate of share capital and reserves
	£
Alcohols (North West) Limited	92,011
Lang-Met Distillers Limited	28,500
Langley Distillery Limited	-
	<u> </u>

Alcohols Limited

**Notes to the financial statements
for the year ended 31 December 2016**

13. Fixed asset investments (continued)

Company

	Investments in subsidiary companies	Unlisted investments	Total
	£	£	£
Cost			
At 1 January 2016 and 31 December 2016	<u>133,500</u>	<u>63,394</u>	<u>196,894</u>
Impairment			
At 1 January 2016 and 31 December 2016	<u>5,000</u>	<u>62,394</u>	<u>67,394</u>
Net book value			
At 31 December 2016	<u>128,500</u>	<u>1,000</u>	<u>129,500</u>
At 31 December 2015	<u>128,500</u>	<u>1,000</u>	<u>129,500</u>

14. Stocks

	Group 2016	Group 2015	Company 2016	Company 2015
	£	£	£	£
Finished goods and goods for resale	<u>1,495,640</u>	<u>1,305,075</u>	<u>1,399,716</u>	<u>1,256,683</u>

15. Debtors

	Group 2016	Group 2015	Company 2016	Company 2015
	£	£	£	£
Trade debtors	3,579,515	3,323,946	3,437,172	3,197,831
Amounts owed by group undertakings	2,824	-	-	-
Other debtors	54,495	55,515	47,349	44,251
Prepayments and accrued income	267,456	333,336	267,456	273,306
	<u>3,904,290</u>	<u>3,712,797</u>	<u>3,751,977</u>	<u>3,515,388</u>

Alcohols Limited

**Notes to the financial statements
for the year ended 31 December 2016**

16. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	7,822,688	7,605,745	7,743,689	7,485,189

17. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Payments received on account	147,231	147,221	146,623	139,150
Trade creditors	1,593,069	1,951,738	1,563,471	1,845,408
Amounts owed to group undertakings	1,339,416	1,247,091	1,895,514	1,860,143
Corporation tax	161,451	212,600	154,081	208,000
Taxation and social security	180,652	124,902	180,652	124,902
Accruals and deferred income	566,121	959,009	521,733	870,485
	3,987,940	4,642,561	4,462,074	5,048,088

18. Deferred taxation

Group

	Deferred tax £
At 1 January 2016	54,000
Charged to the profit or loss	134,923
At 31 December 2016	188,923

Company

	Deferred tax £
At 1 January 2016	54,000
Charged to the profit or loss	134,923
At 31 December 2016	188,923

The provision for deferred taxation is made up as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Accelerated capital allowances	188,923	54,000	188,923	54,000

Alcohols Limited

**Notes to the financial statements
for the year ended 31 December 2016**

19. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

20. 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.

21. Dividends

	2016 £	2015 £
Final dividends paid on equity capital of £220 (2015: £220) per share	<u>220,000</u>	<u>220,000</u>

22. Capital commitments

At 31 December 2016 the Group and Company had capital commitments as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Contracted for but not provided in these financial statements	<u>94,960</u>	<u>78,000</u>	<u>94,960</u>	<u>78,000</u>

Alcohols Limited

Notes to the financial statements for the year ended 31 December 2016

23. 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 £59,821 (2015: £40,825). At the year end, £Nil (2015: £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 equities is the sum of inflation, the dividend yield, economic growth and investment expenses. The return on gilts and bonds is the current market yield on long term gilts and bonds. The expected return on property has been set equal to the expected return on equities less an allowance for liquidity. The expected return on other assets is broadly the current interest rate set by the Bank of England.

	2016 £	2015 £
Interest income	14,000	7,000
Actuarial losses	(516,000)	(29,000)
Contributions	250,000	200,000
Movement of surplus	252,000	(178,000)
At the end of the year	-	-

Composition of plan assets:

	2016 £	2015 £
European equities	1,412,000	1,172,000
European bonds	2,683,000	2,331,000
Other	2,333,000	2,271,000
Total plan assets	6,428,000	5,774,000

The amounts recognised in profit or loss are as follows:

	2016 £	2015 £
Interest on obligation	14,000	7,000

Alcohols Limited

Notes to the financial statements for the year ended 31 December 2016

23. Pension commitments (continued)

Reconciliation of fair value of plan liabilities were as follow:

	2016 £	2015 £
Opening defined benefit obligation	5,497,000	5,620,000
Interest cost	199,000	194,000
Actuarial (gains)/losses	968,000	(159,000)
Benefits paid	(261,000)	(158,000)
Closing defined benefit obligation	6,403,000	5,497,000

Reconciliation of fair value of plan assets were as follows:

	2016 £	2015 £
Opening fair value of scheme assets	5,774,000	5,719,000
Expected return on assets	213,000	201,000
Actuarial gains/(losses)	452,000	(188,000)
Contributions by employer	250,000	200,000
Benefits paid	(261,000)	(158,000)
	6,428,000	5,774,000

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £799,000 (2015: £1,315,000).

The Group expects to contribute at least £120,000 to its defined benefit pension scheme in 2017.

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

	2016 %	2015 %
Discount rate at 31 December	2.70	3.70
Future salary increases	3.00	3.00
Future pension increases	3.10	3.10
CPI inflation	2.10	2.10
Price inflation	3.20	3.20
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

Alcohols Limited

Notes to the financial statements for the year ended 31 December 2016

23. Pension commitments (continued)

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

Defined benefit pension schemes

	2016 £	2015 £	2014 £	2013 £	2012 £
Defined benefit obligation	(6,403,000)	(5,497,000)	(5,620,000)	(5,188,000)	(5,153,000)
Scheme assets	6,428,000	5,774,000	5,719,000	5,551,000	5,274,000
Surplus	25,000	277,000	99,000	363,000	121,000
Experience adjustments on scheme liabilities	22,000	18,000	18,000	(3,000)	(13,000)
Experience adjustments on scheme assets	452,000	(188,000)	174,000	(2,000)	212,000

24. Commitments under operating leases

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Not later than 1 year	225,750	186,456	225,750	186,456
Later than 1 year and not later than 5 years	458,562	570,056	458,562	570,056
Total	684,312	756,512	684,312	756,512

25. 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 (2015: £Nil).

26. Related party transactions

During the year, the company paid £9,000 (2015: £9,000) in respect of legal services to Simmon Stein, a partnership in which J Alton, a director of W.H.Palmer & Co.(Industries) Limited, is a consultant.

During the year the company loaned £Nil (2015: £32,000) to a director of W.H.Palmer & Co.(Industries) Limited. Loan repayments totalling £900 (2015: £450) have been made during the year. The total outstanding at the balance sheet date is £31,121 (2015: £31,550). Interest is charged at 1% per annum. During the year, interest of £471 (2015: £Nil) was charged.

Alcohols Limited

**Notes to the financial statements
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27. Ultimate parent undertaking and controlling party

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