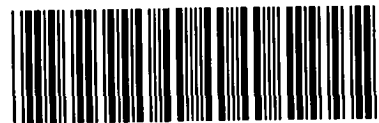


Company Registration No. 02334866 (England and Wales)

BITUCHEM HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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BITUCHEM HOLDINGS LIMITED

COMPANY INFORMATION

Directors	M Paschali P Paschali Jnr P Paschali Snr R K Lord N Panagiotis Y Nyzhnyk Paschali
Secretary	M Paschali
Company number	02334866
Registered office	Laymore Road Forest Vale Industrial Estate Cinderford Gloucestershire GL14 2PH
Auditor	Baldwins Audit Services 5 Pullman Court Great Western Road Gloucester GL1 3ND
Business address	Laymore Road Forest Vale Industrial Estate Cinderford Gloucestershire GL14 2PH
Bankers	Barclays Bank Plc 6 Market Place Bexleyheath Kent DA6 7DY

BITUCHEM HOLDINGS LIMITED

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BITUCHEM HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018.

Fair review of the business

The group results for the year are in line with expectations and are considered satisfactory by the directors. Turnover has increased by 10.2% to £13.5m compared to £12.2m for the previous year. The group has reported another profitable year and the results are in line with the directors expectations.

The group continue to maintain long term relationships with key clients and also the successful development and integration of new products in the industry. This in turn has created opportunities in winning new clients and company growth into the future.

Financial Risk Management - Objectives and Policies

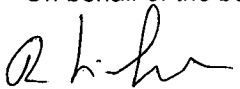
Due to the nature of the groups trade, the directors consider that changes in the economy and the effect that these changes have on the construction sectors to be a principal risk of the group. The risks that the group faces within the construction sector are mitigated, as far as possible, by fulfilling contracts for a diverse range of sectors.

The directors recognise that the current market conditions are likely to provide continuing challenges within the contracting sector in the forthcoming year. The group overall is in a strong position within the contracting sector at the year end with a significant order book for the forthcoming year.

Key performance indicators

The directors consider the key financial performance indicators (KPI's) when assessing the performance of the group. The KPI's used by the directors in the current market conditions are the control of overheads and costs.

On behalf of the board



R K Lord

Director

13/9/19

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BITUCHEM HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the company and group continued to be that of manufacturing, supplying and marketing bituminous products for use in road construction and civil engineering.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M Paschali
P Paschali Jnr
P Paschali Snr
R K Lord
N Panagiotis
Y Nyzhnyk Paschali

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £388,043. The directors do not recommend payment of a further dividend.

Auditor

In accordance with the company's articles, a resolution proposing that Baldwins Audit Services be reappointed as auditor of the group will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, 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 and then apply them consistently;
- make judgements 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 and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BITUCHEM HOLDINGS LIMITED

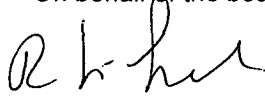
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



R K Lord

Director

13/9/19

BITUCHEM HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BITUCHEM HOLDINGS LIMITED

Opinion

We have audited the financial statements of Bituchem Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and notes to the financial statements, 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 FRS 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 the parent company's affairs as at 31 December 2018 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 Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

BITUCHEM HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BITUCHEM HOLDINGS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BITUCHEM HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BITUCHEM HOLDINGS LIMITED

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 auditor's 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.



Mark Handscombe (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services

13/9/19

Accountants
Statutory Auditor

5 Pullman Court
Great Western Road
Gloucester
Gloucestershire
GL1 3ND

BITUCHEM HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	13,495,779	12,242,372
Cost of sales		(7,199,886)	(6,547,726)
Gross profit		6,295,893	5,694,646
Distribution costs		(656,209)	(546,237)
Administrative expenses		(4,594,106)	(3,994,963)
Operating profit	4	1,045,578	1,153,446
Interest payable and similar expenses	8	(32,797)	(26,746)
Profit before taxation		1,012,781	1,126,700
Tax on profit	9	(48,594)	(104,518)
Profit for the financial year		964,187	1,022,182
Other comprehensive income			
Revaluation of tangible fixed assets		(200)	(200)
Total comprehensive income for the year		963,987	1,021,982
Profit for the financial year is attributable to:			
- Owners of the parent company		957,227	1,012,901
- Non-controlling interests		6,960	9,281
		964,187	1,022,182
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		957,027	1,012,701
- Non-controlling interests		6,960	9,281
		963,987	1,021,982

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

BITUCHEM HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	11	2,170,215		2,257,760	
Current assets					
Stocks	15	831,620		675,297	
Debtors	16	601,367		815,724	
Cash at bank and in hand		2,602,529		2,114,378	
		<u>4,035,516</u>		<u>3,605,399</u>	
Creditors: amounts falling due within one year	17	<u>(1,594,927)</u>		<u>(1,776,129)</u>	
Net current assets		<u>2,440,589</u>		<u>1,829,270</u>	
Total assets less current liabilities		<u>4,610,804</u>		<u>4,087,030</u>	
Creditors: amounts falling due after more than one year	18	(9,837)		(31,084)	
Provisions for liabilities	21	<u>(235,138)</u>		<u>(266,262)</u>	
Net assets		<u>4,365,829</u>		<u>3,789,684</u>	
Capital and reserves					
Called up share capital	23	5,000		5,000	
Revaluation reserve		293,842		294,042	
Profit and loss reserves		<u>4,016,174</u>		<u>3,446,790</u>	
Equity attributable to owners of the parent company		<u>4,315,016</u>		<u>3,745,832</u>	
Non-controlling interests		<u>50,813</u>		<u>43,852</u>	
		<u>4,365,829</u>		<u>3,789,684</u>	

The financial statements were approved by the board of directors and authorised for issue on 13/9/19 and are signed on its behalf by:



R K Lord
Director

BITUCHEM HOLDINGS LIMITED

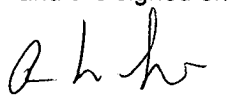
COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	11		553,719		579,562
Investments	12		400		400
			<u>554,119</u>		<u>579,962</u>
Current assets					
Debtors	16	102,914		88,250	
Cash at bank and in hand		49		49	
		<u>102,963</u>		<u>88,299</u>	
Creditors: amounts falling due within one year	17	(316,039)		(272,770)	
Net current liabilities			(213,076)		(184,471)
Total assets less current liabilities			<u>341,043</u>		<u>395,491</u>
Provisions for liabilities	21		(32,784)		(36,822)
Net assets			<u>308,259</u>		<u>358,669</u>
Capital and reserves					
Called up share capital	23		5,000		5,000
Revaluation reserve			293,842		294,042
Profit and loss reserves			9,417		59,627
Total equity			<u>308,259</u>		<u>358,669</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 13/9/19 and are signed on its behalf by:



R K Lord
Director

Company Registration No. 02334866

BITUCHEM HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 January 2017		5,000	294,242	2,801,679	3,100,921	34,571	3,135,492
Year ended 31 December 2017:							
Profit for the year		-	-	1,012,901	1,012,901	9,281	1,022,182
Other comprehensive income:							-
Revaluation of tangible fixed assets		-	(200)	-	(200)	-	(200)
Total comprehensive income for the year		-	(200)	1,012,901	1,012,701	9,281	1,021,982
Dividends	10	-	-	(367,990)	(367,990)	-	(367,990)
Transfers	10	-	-	200	200	-	200
Balance at 31 December 2017		5,000	294,042	3,446,790	3,745,832	43,852	3,789,684
Year ended 31 December 2018:							
Profit for the year		-	-	957,227	957,227	6,960	964,187
Other comprehensive income:							-
Revaluation of tangible fixed assets		-	(200)	-	(200)	-	(200)
Total comprehensive income for the year		-	(200)	957,227	957,027	6,960	963,987
Dividends	10	-	-	(388,043)	(388,043)	-	(388,043)
Transfers		-	-	200	200	-	200
Balance at 31 December 2018		5,000	293,842	4,016,174	4,315,016	50,813	4,365,829

BITUCHEM HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2017		5,000	294,242	54,921	354,163
Year ended 31 December 2017:					
Profit for the year		-	-	372,496	372,496
Other comprehensive income:					
Revaluation of tangible fixed assets		-	(200)	-	(200)
Total comprehensive income for the year		-	(200)	372,496	372,296
Dividends	10	-	-	(367,990)	(367,990)
Transfers		-	-	200	200
Balance at 31 December 2017		5,000	294,042	59,627	358,669
Year ended 31 December 2018:					
Profit for the year		-	-	337,633	337,633
Other comprehensive income:					
Revaluation of tangible fixed assets		-	(200)	-	(200)
Total comprehensive income for the year		-	(200)	337,633	337,433
Dividends	10	-	-	(388,043)	(388,043)
Transfers		-	-	200	200
Balance at 31 December 2018		5,000	293,842	9,417	308,259

BITUCHEM HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	28	1,532,618		920,631	
Interest paid		(32,797)		(26,746)	
Income taxes paid		(219,518)		(291,141)	
Net cash inflow from operating activities		1,280,303		602,744	
Investing activities					
Purchase of tangible fixed assets		(400,003)		(377,391)	
Proceeds on disposal of tangible fixed assets		12,000		(2)	
Net cash used in investing activities		(388,003)		(377,393)	
Financing activities					
Payment of finance leases obligations		(31,462)		20,466	
Dividends paid to equity shareholders		(388,043)		(367,990)	
Net cash used in financing activities		(419,505)		(347,524)	
Net increase/(decrease) in cash and cash equivalents		472,795		(122,173)	
Cash and cash equivalents at beginning of year		1,940,565		2,062,738	
Cash and cash equivalents at end of year		2,413,360		1,940,565	
Relating to:					
Cash at bank and in hand		2,602,529		2,114,378	
Bank overdrafts included in creditors payable within one year		(189,169)		(173,813)	

BITUCHEM HOLDINGS LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	29	141,701		16,989	
Income taxes paid		(6,259)		-	
Net cash inflow from operating activities		135,442		16,989	
Investing activities					
Dividends received		223,000		363,000	
Net cash generated from investing activities		223,000		363,000	
Financing activities					
Dividends paid to equity shareholders		(388,043)		(367,990)	
Net cash used in financing activities		(388,043)		(367,990)	
Net (decrease)/increase in cash and cash equivalents		(29,601)		11,999	
Cash and cash equivalents at beginning of year		(87,159)		(99,158)	
Cash and cash equivalents at end of year		(116,760)		(87,159)	
Relating to:					
Cash at bank and in hand		49		49	
Bank overdrafts included in creditors payable within one year		(116,809)		(87,208)	

BITUCHEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Bituchem Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Laymore Road, Forest Vale Industrial Estate, Cinderford, Gloucestershire, GL14 2PH.

The group consists of Bituchem Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Bituchem Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

BITUCHEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line on buildings, 20% straight line on office additions and none on land
Leasehold land and buildings	5% straight line
Plant and equipment	5% - 50% straight line
Fixtures and fittings	10% - 25% straight line
Motor vehicles	25% - 50% reducing balance and 50% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

BITUCHEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

700
434
214

BITUCHEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

BITUCHEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

BITUCHEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.12 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

BITUCHEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2018 £	2017 £
Turnover	13,495,779	12,242,372

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

BITUCHEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	-	5,545
Depreciation of owned tangible fixed assets	457,770	398,950
Depreciation of tangible fixed assets held under finance leases	29,779	29,779
(Profit)/loss on disposal of tangible fixed assets	(12,000)	6,253
Cost of stocks recognised as an expense	7,199,886	6,547,726
Operating lease charges	211,531	196,114

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £0 (2017 - £5,545).

5 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	4,781	3,540
Audit of the financial statements of the company's subsidiaries	11,308	8,090
	<u>16,089</u>	<u>11,630</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	2018 Number	2017 Number
Directors	9	16
Administration	11	7
Production	34	22
	<u>54</u>	<u>45</u>

BITUCHEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Employees (Continued)

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	1,900,401	1,508,123
Social security costs	227,488	168,354
Pension costs	251,486	147,562
	<u>2,379,375</u>	<u>1,824,039</u>

7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	258,767	275,100
Company pension contributions to defined contribution schemes	18,603	34,049
	<u>277,370</u>	<u>309,149</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounts to 4 (2017 - 4).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>137,288</u>	<u>136,873</u>
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8 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on finance leases and hire purchase contracts	5,438	4,850
Interest on invoice finance arrangements	27,359	21,896
	<u>32,797</u>	<u>26,746</u>

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	147,040	164,734
Adjustments in respect of prior periods	(67,322)	(18,859)
Total current tax	<u>79,718</u>	<u>145,875</u>

BITUCHEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9	Taxation	(Continued)	
	Deferred tax		
	Origination and reversal of timing differences	(31,124)	(41,357)
	Total tax charge	48,594	104,518
	The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:		
		2018	2017
		£	£
	Profit before taxation	1,012,781	1,126,700
	Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	192,428	214,073
	Tax effect of expenses that are not deductible in determining taxable profit	9,774	8,948
	Adjustments in respect of prior years	(67,320)	-
	Effect of change in corporation tax rate	-	(13,283)
	Depreciation on assets not qualifying for tax allowances	-	526
	Research and development tax credit	(86,288)	(87,398)
	Under/(over) provided in prior years	-	(18,859)
	Tax at marginal rate	-	80
	Leased cars	-	431
	Taxation charge	48,594	104,518
10	Dividends	2018	2017
		£	£
	Interim paid	388,043	367,990

BITUCHEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 January 2018	428,540	27,295	3,992,733	115,250	121,995	4,685,813
Additions	-	-	394,348	5,656	-	400,004
Disposals	-	-	(22,000)	-	-	(22,000)
At 31 December 2018	428,540	27,295	4,365,081	120,906	121,995	5,063,817
Depreciation and impairment						
At 1 January 2018	68,294	4,822	2,200,928	81,096	72,913	2,428,053
Depreciation charged in the year	1,678	1,365	456,224	16,011	12,271	487,549
Eliminated in respect of disposals	-	-	(22,000)	-	-	(22,000)
At 31 December 2018	69,972	6,187	2,635,152	97,107	85,184	2,893,602
Carrying amount						
At 31 December 2018	358,568	21,108	1,729,929	23,799	36,811	2,170,215
At 31 December 2017	360,246	22,473	1,791,805	34,154	49,082	2,257,760

BITUCHEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Company	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2018 and 31 December 2018	428,540	484,837	9,750	923,127
Depreciation and impairment				
At 1 January 2018	68,294	265,521	9,750	343,565
Depreciation charged in the year	1,678	24,165	-	25,843
At 31 December 2018	69,972	289,686	9,750	369,408
Carrying amount				
At 31 December 2018	358,568	195,151	-	553,719
At 31 December 2017	360,246	219,316	-	579,562

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2018 £	2017 £	Company 2018 £	2017 £
Plant and equipment	44,668	74,447	-	-
Depreciation charge for the year in respect of leased assets	29,779	29,779	-	-

Land and buildings were revalued in October 2010 by J.L.B. Kendrick (B.A. Hons, Cert. T.P., F. Inst.L.Ex) of Kendricks Planning Limited, an independent valuers not connected with the company on the basis of open market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Cost	93,540	131,541	93,540	131,541
Accumulated depreciation	(81,053)	(65,333)	(81,053)	(65,333)
Carrying value	12,487	66,208	12,487	66,208

BITUCHEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

12 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	13	-	-	400	400

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 January 2018 and 31 December 2018	400
Carrying amount	
At 31 December 2018	400
At 31 December 2017	400

13 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	County of incorporation	Class of shareholding	% Held	
			Direct	Indirect
Bituchem Asphalt Limited	UK	Ordinary	99.00	1.00
Bituchem Building Products Limited	UK	Ordinary	99.00	1.00
Bituchem Contracting Limited	UK	Ordinary	99.00	1.00
Bituchem Limited	UK	Ordinary	99.00	1.00

Name of undertaking	Nature of business
Bituchem Asphalt Limited	Manufacturing, supplying and applying bituminous products
Bituchem Building Products Limited	Marketing bituminous products for use in road construction and civil engineering
Bituchem Contracting Limited	Dormant
Bituchem Limited	Dormant

BITUCHEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

14 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	450,932	708,594	63,033	63,033
Carrying amount of financial liabilities				
Measured at amortised cost	1,587,309	1,664,924	246,971	230,856

15 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Raw materials and consumables	664,959	436,145	-	-
Finished goods and goods for resale	166,661	239,152	-	-
	831,620	675,297	-	-

16 Debtors

	Group 2018 £	2017 £	Company 2018 £	2017 £
Amounts falling due within one year:				
Trade debtors	447,989	705,651	-	-
Amounts due from subsidiary undertakings	-	-	63,033	63,033
Other debtors	2,943	5,852	-	-
Prepayments and accrued income	150,435	104,221	39,881	25,217
	601,367	815,724	102,914	88,250

The group factors its debts with Barclays Bank Plc, who have a first fixed charge over the book debts. Debtors are stated gross and the liability due to the factoring company is included in creditors due within one year.

BITUCHEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

17 Creditors: amounts falling due within one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	19	189,169	173,813	116,809	87,208
Obligations under finance leases	20	23,686	33,901	-	-
Trade creditors		330,389	539,502	20,183	12,086
Amounts owed to group undertakings		-	-	100	100
Amounts owed to undertakings in which the group has a participating interest		-	-	73,460	102,571
Corporation tax payable		(95,066)	44,734	30,926	6,259
Other taxation and social security		112,521	97,555	38,142	35,655
Other creditors		560,995	546,828	-	-
Accruals and deferred income		473,233	339,796	36,419	28,891
		<u>1,594,927</u>	<u>1,776,129</u>	<u>316,039</u>	<u>272,770</u>

Included within other creditors is £549,801 (2017: £534,232) owing to Barclays Bank Plc Sales Financing under a confidential invoice discounting facility. The debt is secured by a first charge over the book debts of the company.

18 Creditors: amounts falling due after more than one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Obligations under finance leases	20	9,837	31,084	-	-

19 Loans and overdrafts

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank overdrafts	189,169	173,813	116,809	87,208
Payable within one year	189,169	173,813	116,809	87,208

The long-term loans are secured by fixed and floating charge over the assets of the group. In addition, the group has entered into a Composite Accounting Agreement whereby each participating company has provided a guarantee to the bank, under the terms of which the bank is authorised to offset credit balances and apply them in the reduction of liabilities including debit balances with the Composite Accounting Agreement

BITUCHEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

20 Finance lease obligations

	Group 2018 £	2017 £	Company 2018 £	2017 £
Future minimum lease payments due under finance leases:				
Within one year	32,988	39,028	-	-
In two to five years	3,082	32,129	-	-
	<u>36,070</u>	<u>71,157</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(2,547)	(6,172)	-	-
	<u>33,523</u>	<u>64,985</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period; and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Amounts due under hire purchase are secured by the assets to which they relate.

21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2018 £	Liabilities 2017 £
Accelerated capital allowances	<u>235,138</u>	<u>266,262</u>
Company	Liabilities 2018 £	Liabilities 2017 £
Accelerated capital allowances	<u>32,784</u>	<u>36,822</u>
Movements in the year:	Group 2018 £	Company 2018 £
Liability at 1 January 2018	266,262	36,822
Credit to profit or loss	<u>(31,124)</u>	<u>(4,038)</u>
Liability at 31 December 2018	<u>235,138</u>	<u>32,784</u>

BITUCHEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

21 Deferred taxation

(Continued)

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

22 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	251,486	147,562

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share capital

	Group and company	
	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
5,000 Ordinary of £1 each	5,000	5,000

24 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Within one year	246,061	208,550	47,500	47,500
Between two and five years	456,761	466,670	-	-
	702,822	675,220	47,500	47,500

25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Acquisition of tangible fixed assets	62,520	-	-	-

BITUCHEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

26 Related party transactions

During the year dividends of £388,043 (2017: £367,990) were paid to Inter-Euro Investments Limited.

As at 31 December 2018, the group paid rents of £47,500 (2017: £47,500) to Bituchem Holdings Limited Retirement Benefit Scheme.

27 Controlling party

The company's ultimate parent company is Inter-Euro Investments Limited, a company incorporated in the Seychelles, by virtue of its 100% ownership of the share capital in Bituchem Holdings Limited.

The ultimate controlling party is P Paschali Senior, by virtue of his controlling interest in Inter-Euro Investments Limited.

28 Cash generated from group operations

	2018 £	2017 £
Profit for the year after tax	964,187	1,022,182
Adjustments for:		
Taxation charged	48,594	104,518
Finance costs	32,797	26,746
(Gain)/loss on disposal of tangible fixed assets	(12,000)	6,253
Depreciation and impairment of tangible fixed assets	487,549	428,729
Movements in working capital:		
(Increase) in stocks	(156,323)	(248,648)
Decrease in debtors	211,448	66,807
(Decrease) in creditors	(43,634)	(485,956)
Cash generated from operations	1,532,618	920,631

BITUCHEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

29 Cash generated from operations - company

	2018	2017
	£	£
Profit for the year after tax	337,633	372,496
Adjustments for:		
Taxation charged	26,888	609
Investment income	(223,000)	(363,000)
Depreciation and impairment of tangible fixed assets	25,843	25,843
Movements in working capital:		
(Increase)/decrease in debtors	(14,664)	6,371
(Decrease) in creditors	(10,999)	(25,331)
Cash generated from operations	141,701	16,988