

Anitox Limited

Report and Financial Statements

Year Ended

31 December 2017

Company Number 02544185

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Anitox Limited

Report and financial statements for the year ended 31 December 2017

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Director

R Phillips

Secretary and registered office

D Smith, 7 Regent Park Booth Drive, Park Farm Industrial Estate, Wellingborough, Northampton, NN8 6GR

Company number

02544185

Auditors

BDO LLP, Two Snowhill, Birmingham, B4 6GA

Anitox Limited

Group Strategic Report for the year ended 31 December 2017

The director present his strategic report together with the audited financial statements for the year ended 31 December 2017.

Review of the business

Turnover increased by £1.7875 million over 2016 with £560k of that coming in the UK with the balance coming from Europe and the Middle East. Shortly after year end 2017 the EU made their decision to end the use of formaldehyde as a feed additive. Anitox Limited does have a viable alternative pathogen control product called Finio that has been actively implemented, with virtual all prior formaldehyde using customers "switching" to Finio. Company margins remain strong due to stable commodity prices. Pre-tax profits were heavily impacted due to funding new product trials and the use of consultants to mitigate a potential decline in sales due to the pending EU decision.

I expect our principal markets to remain active during the coming year, transitioning customers over to products that are not formaldehyde based with further top line growth in the Middle East and Eastern European markets. I expect stable commodity prices in 2018. I expect the company to return to a profitable trading position.

Principal risks and uncertainties

The principal risks and uncertainties facing the group are:

- The ability to keep all "switched" business using Finio
- A significant proportion of natural gas based products and any significant spikes in natural gas will have a material impact on our gross margins;
- As the business in the UK is completed in GBP and Euro's and US \$'s the impact of currency fluctuations can dramatically affect financial results;
- The business faces uncertainty in respect of any new UK and EU legislation as a result of BREXIT.

Key performance indicators

The director monitor turnover and gross profit margins and cash/working capital management as the key performance indicators for the business.

	2017 £	2016 £	Movement £
Turnover	12,588,183	10,801,598	1,786,585
Gross profit margins	47.3%	52.7%	5.4%
Cash	402,477	1,025,277	622,800

This report was approved and signed by order of the Director on 27.09.18

D Smith
Secretary

Anitox Limited

Director's Report for the year ended 31 December 2017

The director present his report together with the audited financial statements for the year ended 31 December 2017.

Strategic report note

The review of the business and future developments, principal risks and uncertainties and key performance indicators are not shown in the directors report as they are shown in the strategic report in accordance with S414C (11) of the Companies Act 2006.

Results and dividends

The loss for the year, after taxation, amounted to £94,111 (2016 - profit £863,837).

A dividend of £Nil was paid in the year (2016 - £1,626,942). The director has not proposed the payment of a final dividend (2016 - £Nil).

Directors

The directors who served during the year and to the date of approval of these financial statements were:

R W Mann (resigned 31 July 2017)
R Phillips

Risk management objectives and policies

Foreign exchange risk

The group purchases from and sells into international markets and it is therefore exposed to currency movements on such transactions. The group's financial risk management objective is broadly to make neither profit nor loss from exposure to currency. The group does not use hedge accounting.

Credit risk

Credit risk applies to financial instruments such as trade receivables but is mitigated by placing credit insurance for all new customer purchases. Policies and procedures exist to ensure the management of trade debtors minimises as far as is reasonably practicable the group's exposure to credit risk.

Price risk

The group's business may be affected by fluctuations in the price and supply of raw materials. The group employs purchasing policies and practices to mitigate these risks where possible.

Cash flow risk

The group's policy is to ensure that it always has sufficient cash to allow it to meet its liabilities when they become due. This risk is managed through budgeting and forecasting and a regular review of cash requirements.

Disclosure of information to auditors

The director at the time when this directors' report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- he 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.

Anitox Limited

Director's Report for the year ended 31 December 2017 (*continued*)

Directors' responsibilities

The director is responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the director 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 director is 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, to disclose with reasonable accuracy at any time the financial position of the company and to enable himself to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Post balance sheet events

There have been no significant events affecting the group since the year end.

Likely future developments in the business of the group

Information on the likely future developments in the business has been included in the Strategic Report on page 1.

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27.09.18 and signed on his behalf.



D Smith
Secretary

Anitox Limited

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ANITOX LIMITED

Opinion

We have audited the financial statements of Anitox Limited ("the parent company") and its subsidiaries ("the group") for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's 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.

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 Group and the Parent 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director's has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group 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.

Anitox Limited

Independent Auditor's Report (*continued*)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors is responsible for the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and director's 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 director's report.

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

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

Anitox Limited

Independent Auditor's Report (*continued*)

Responsibilities of Director

As explained more fully in the director's report, the director is 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 Director determines 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 director is 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 Director 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Thomas Lawton

Thomas Lawton (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
Birmingham
United Kingdom

Date

28 September 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Anitox Limited

Consolidated Statement of Comprehensive Income for the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	12,588,183	10,801,598
Cost of sales		(6,632,652)	(5,113,215)
Gross profit		5,955,531	5,688,383
Administrative expenses		(6,005,350)	(4,522,343)
Operating (loss) / profit	4	(49,819)	1,166,040
Interest receivable and similar income		330	96
Interest payable and expenses	7	-	(2,890)
(Loss) / profit before taxation		(49,489)	1,163,246
Taxation on (loss) / profit from ordinary activities	8	(44,622)	(299,409)
(Loss) / profit for the year		(94,111)	863,837
Currency translation differences		905	(1,484)
Other comprehensive income / (expense) for the year		905	(1,484)
Total comprehensive (deficit) / income for the year		(93,206)	862,353

All amounts relate to continuing activities.

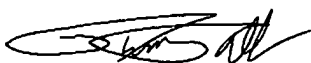
The notes on page 13 to 28 form part of these financial statements.

Anitox Limited

Consolidated Statement of Financial Position for the year ended 31 December 2017

<i>Company number 02544185</i>	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	11		1,240,548		1,317,728
Current assets					
Stocks	13	1,461,152		1,046,095	
Debtors	14	2,335,124		2,503,902	
Cash at bank and in hand		402,477		1,025,277	
		<u>4,198,753</u>		<u>4,575,274</u>	
Creditors: amounts falling due within one year	15	<u>(2,122,188)</u>		<u>(2,459,853)</u>	
Net current assets			<u>2,076,565</u>		<u>2,115,421</u>
Total assets less current liabilities			<u>3,317,113</u>		<u>3,433,149</u>
Provisions for liabilities					
Deferred tax	17		<u>(146,642)</u>		<u>(169,472)</u>
Net assets			<u>3,170,471</u>		<u>3,263,677</u>
Capital and reserves					
Called up share capital	18		446,699		446,699
Capital redemption reserve	19		480,000		480,000
Retained earnings	19		2,243,772		2,336,978
Shareholders' funds			<u>3,170,471</u>		<u>3,263,677</u>

The financial statements were approved by the Director and authorised for issue on 27.09.18



R Phillips
Director

The notes on page 13 to 28 form part of these financial statements.

Anitox Limited

Consolidated Statement of Changes In Equity for the year ended 31 December 2017

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2017	446,699	480,000	2,336,978	3,263,677
Comprehensive (loss) / income for the year				
Loss for the year	-	-	(94,111)	(94,111)
Currency translation differences	-	-	905	905
Total comprehensive deficit for the year	-	-	(93,206)	(93,206)
At 31 December 2017	446,699	480,000	2,243,772	3,170,471

Consolidated Statement of Changes In Equity for the year ended 31 December 2016

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2016	446,699	480,000	3,101,567	4,028,266
Comprehensive income for the year				
Profit for the year	-	-	863,837	863,837
Currency translation differences	-	-	(1,484)	(1,484)
Total comprehensive income for the year	-	-	862,353	862,353
Dividends paid	-	-	(1,626,942)	(1,626,942)
Total transactions with owners	-	-	(1,626,942)	(1,626,942)
At 31 December 2016	446,699	480,000	2,336,978	3,263,677

The notes on page 13 to 28 form part of these financial statements.

Anitox Limited

Consolidated Statement of Cash Flows for the year ended 31 December 2017

	2017 £	2016 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(94,111)	863,837
Adjustments for:		
Depreciation of tangible assets	437,022	217,706
Loss on disposal of tangible assets	163,331	42,017
Interest paid	-	2,890
Interest received	(330)	(96)
Taxation expense	44,622	299,409
(Increase)/decrease in stocks	(415,057)	14,533
Decrease/(increase) in debtors	168,778	(323,429)
(Decrease)/increase in creditors	(198,194)	839,864
Corporation tax paid	(206,923)	(305,245)
Net cash generated from operating activities	(100,862)	1,651,486
Cash flows from investing activities		
Purchase of tangible fixed assets	(548,946)	(391,220)
Proceeds from sale of tangible fixed assets	25,773	38,979
Interest received	330	96
Net cash from investing activities	(522,843)	(352,145)
Cash flows from financing activities		
Interest paid	-	(2,890)
Dividends paid	-	(1,626,942)
Exchange translation	905	(1,484)
Net cash from in financing activities	905	(1,631,316)
Net decrease in cash and cash equivalents	(622,800)	(331,975)
Cash and cash equivalents at beginning of year	1,025,277	1,357,252
Cash and cash equivalents at end of year	402,477	1,025,277
Cash and cash equivalents comprise:		
Cash at bank and in hand	402,477	1,025,277

Fixed asset for the group include amounts in disposals which are also included in additions as they are subsequently refurbished and reused. The figures above exclude these amounts.

The notes on page 13 to 28 form part of these financial statements.

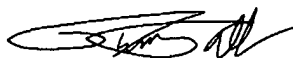
Anitox Limited

Company Statement of Financial Position at 31 December 2017

<i>Company number 02544185</i>	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	11		1,008,640		1,207,395
Investments	12		10,765		10,765
			<u>1,019,405</u>		<u>1,218,160</u>
Current assets					
Stocks	13	1,431,684		1,005,440	
Debtors	14	3,148,430		2,403,878	
Cash at bank and in hand		375,989		969,325	
		<u>4,956,103</u>		<u>4,378,643</u>	
Creditors: amounts falling due within one year	15	(1,952,350)		(1,635,251)	
Net current assets			<u>3,003,753</u>		<u>2,743,392</u>
Total assets less current liabilities			<u>4,023,158</u>		<u>3,961,552</u>
Provisions for liabilities					
Deferred taxation	17		(146,642)		(169,472)
Net assets			<u>3,876,516</u>		<u>3,792,080</u>
Capital and reserves					
Called up share capital	18		446,699		446,699
Capital redemption reserve	19		480,000		480,000
Retained earnings	19		2,949,817		2,865,381
Shareholders' funds			<u>3,876,516</u>		<u>3,792,080</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent company for the period was £84,436 (2016 - £1,021,848).

The financial statements were approved by the Director and authorised for issue on 27.09.18



R Phillips
Director

The notes on page 13 to 28 form part of these financial statements.

Anitox Limited

Company Statement of Changes In Equity for the year ended 31 December 2017

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2017	446,699	480,000	2,865,381	3,792,080
Comprehensive income for the year				
Profit for the year	-	-	84,436	84,436
Total comprehensive income for the year	-	-	84,436	84,436
At 31 December 2017	446,699	480,000	2,949,817	3,876,516

Company Statement of Changes In Equity for the year ended 31 December 2016

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2016	446,699	480,000	3,470,475	4,397,174
Comprehensive income for the year				
Profit for the year	-	-	1,021,848	1,021,848
Total comprehensive income for the year	-	-	1,021,848	1,021,848
Dividends paid	-	-	(1,626,942)	(1,626,942)
Total transactions with owners	-	-	(1,626,942)	(1,626,942)
At 31 December 2016	446,699	480,000	2,865,381	3,792,080

The notes on page 13 to 28 form part of these financial statements.

Anitox Limited

Notes forming part of the financial statements for the year ended 31 December 2017

1 Accounting policies

Company information

Anitox Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is 7 Regent Park Booth Drive, Park Farm Industrial Estate, Wellingborough, Northampton, NN8 6GR. The nature of the group's operations and its principal activity is the distribution of chemicals used to treat animal feed.

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 UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the company's accounting policies (see note 2).

The accounts have been prepared in the group's functional currency, pounds sterling.

The following principal accounting policies have been applied consistently:

Basis of consolidation

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

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

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Anitox Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

1 Accounting policies (continued)

Revenue (continued)

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant and machinery - 20% - 25% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

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 reporting 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 Statement of Comprehensive Income.

Anitox Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

1 Accounting policies (*continued*)

Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. 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. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at the transaction price.

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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Anitox Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

1 Accounting policies (*continued*)

Foreign currency translation

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Any differences are taken to the Statement of Comprehensive Income.

The results of overseas operations and Statements of Financial Position are translated into sterling at the rates of exchange ruling on the reporting date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

Share based payments

Where share options are awarded to employees by the parent company in respect of their share capital, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period and the corresponding credit treated as a capital contribution. The fair value of each option award is estimated on the date of the grant using a Black- Scholes based share option valuation model.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period with the corresponding credit treated as a capital contribution.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the group in independently administered funds.

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Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

1 Accounting policies (*continued*)

Current and deferred taxation

Tax is recognised in the Statement of Comprehensive income, except that a change attributable to an item of income and expense recognised as Other Comprehensive Income or to an item recognised directly in equity is also recognised in Other Comprehensive Income or directly in equity respectively.

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

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the Statement of Financial Position date.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historic experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

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Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Stock provisions

The group has recognised provision for the impairment of stock. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

In the case of the provision for the impairment of stock, this provision is based on the assessment of stock value and ageing, quantities on hand and usage. The value of stock in note 13 is net of the provision for the impairment of stock.

Debtor provisions

At each reporting date, debtors are assessed for recoverability. If there is any evidence of impairment, the carrying amount is reduced to its recoverable amount. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Credit note provisions

The group has recognised a provision in respect of credit notes to be issued to trade debtors. This provision is based on the knowledge of the directors around historical credit notes issued and potential credit notes to be issued in the future in relation to customer invoices raised during the year.

3 Turnover

The whole of the turnover is attributable to the principal activity of the group.

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	2,454,294	1,894,521
Rest of Europe	4,180,017	2,958,291
Rest of the World	5,953,872	5,948,786
	<u>12,588,183</u>	<u>10,801,598</u>

4 Operating (loss) / profit

	2017 £	2016 £
This has been arrived at after charging / (crediting):		
Depreciation of tangible fixed assets	437,022	217,706
Loss on disposal of tangible fixed assets	163,331	42,017
Fees payable to the group's auditor for the audit of the company's annual accounts	39,750	25,000
Exchange differences	100,155	(617,202)
Defined contribution pension cost (note 5)	59,716	74,267
Operating lease costs	63,369	80,423
	<u></u>	<u></u>

Anitox Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

5 Employees

	2017 £	2016 £
Staff costs, including directors' remuneration, were as follows:		
Wages and salaries	1,612,588	1,872,202
Social security costs	184,810	224,291
Cost of defined contribution scheme	59,716	74,267
	<u>1,857,114</u>	<u>2,170,760</u>

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

	2017 Number	2016 Number
Staff	<u>30</u>	<u>33</u>

6 Directors' remuneration

	2017 £	2016 £
Directors' emoluments	58,112	100,665
Company contributions to defined contribution pension schemes	7,110	10,500
	<u>65,222</u>	<u>111,165</u>

During the year retirement benefits were accruing to 1 director (2016 - 1) in respect of defined contribution pension schemes.

Key management personnel include all the directors of the group. The directors do not consider any other personnel to be classed as key management. The directors have authority and responsibility for planning, directing and controlling the activities of the group. The total compensation paid to key management personnel for services provided to the group was £71,638 (2016 - £123,091).

Anitox Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

7 Interest payable and similar charges

	2017 £	2016 £
Interest payable to group companies	-	2,890

8 Taxation on (loss)/profit from ordinary activities

	2017 £	2016 £
<i>Corporation tax</i>		
Current tax on (loss)/profits for the year	108,753	316,948
Adjustment in respect of previous periods	(41,301)	(56,158)
	67,452	260,790
<i>Deferred tax</i>		
Origination and reversal of timing differences	(22,830)	(3,256)
Adjustment in respect of previous periods	-	52,035
Other timing differences	-	(10,160)
	(22,830)	38,619
Taxation on (loss)/profit on ordinary activities	44,622	299,409

Anitox Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

8 Taxation on (loss)/profit from ordinary activities (continued)

Factors affecting tax charge for the year

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below.

	2017 £	2016 £
(Loss)/profit on ordinary activities before tax	(49,489)	1,163,246
(Loss)/profit on ordinary activities multiplied at the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(9,527)	232,649
Effects of:		
Expenses not deductible for tax purposes	45,074	1,002
Adjustments to tax charge in respect of prior periods	(41,301)	(4,123)
Unrelieved loss on foreign subsidiaries	26,002	37,192
Other adjustments	24,374	32,689
Total tax charge for the year	44,622	299,409

Factors that may affect future tax charges

The main rate of UK corporation tax for the year commencing 1 April 2016 was 20%, this reduced to 19% for the year commencing 1 April 2017. The finance Act 2016, enacted on 15 September 2016, reduced the main rate of Corporation tax to 17% for the year commencing 1 April 2020. These changes have been reflected in the calculation of the carrying value of the deferred tax liabilities at the Statement of Financial Position date.

9 Dividends

	2017 £	2016 £
Ordinary shares		
Interim paid of £Nil (2016 - £3.64) per share	-	1,626,942

10 Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent company for the year was £84,436 (2016 - £1,021,848).

Anitox Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 (*continued*)

11 Tangible fixed assets

Group	Plant and machinery £
<i>Cost</i>	
At 1 January 2017	2,618,591
Additions	639,464
Disposals	(733,838)
	<hr/>
At 31 December 2017	2,524,217
	<hr/>
<i>Depreciation</i>	
At 1 January 2017	1,300,863
Provided for the year	437,022
Disposals	(454,216)
	<hr/>
At 31 December 2017	1,283,669
	<hr/>
<i>Net book value</i>	
At 31 December 2017	1,240,548
	<hr/>
At 31 December 2016	1,317,728
	<hr/>

Fixed assets for both the group and company include amounts in disposals which are also included in additions as they are subsequently refurbished and reused. The figures shown in the Consolidated Statement of Cash Flows exclude these amounts.

Anitox Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

11 Tangible fixed assets (*continued*)

Company	Plant and machinery £
<i>Cost</i>	
At 1 January 2017	2,492,866
Additions	517,889
Disposals	(733,838)
	<hr/>
At 31 December 2017	2,276,917
	<hr/>
<i>Depreciation</i>	
At 1 January 2017	1,285,471
Provided for the year	437,022
Disposals	(454,216)
	<hr/>
At 31 December 2017	1,268,277
	<hr/>
<i>Net book value</i>	
At 31 December 2017	1,008,640
	<hr/>
At 31 December 2016	1,207,395
	<hr/>

Fixed assets for both the group and company include amounts in disposals which are also included in additions as they are subsequently refurbished and reused. The figures shown in the Consolidated Statement of Cash Flows exclude these amounts.

Anitox Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 (*continued*)

12 Fixed asset investments

Company	Investments in subsidiary undertakings £
<i>Cost</i>	
At 1 January 2017 and 31 December 2017	78,937
<i>Impairment</i>	
At 1 January 2017 and 31 December 2017	68,172
<i>Net book value</i>	
At 31 December 2017 and 31 December 2017	10,765

Subsidiary undertakings

The investment represents 100% of the ordinary share capital of the subsidiaries below:

<i>Subsidiary undertakings</i>	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business
Anitox Netherlands BV	Netherland	Ordinary	100%	Dormant
Anitox GmbH	Germany	Ordinary	100%	Dormant
Anitox Trading (Beijing) Limited	China	Ordinary	100%	Distribution of chemicals

In the opinion of the directors the value of these investments as at 31 December 2017 is not less than the aggregate amount in the Statement of Financial Position at that date.

The reporting period end of the subsidiary undertakings is co-terminus with the company.

All the above subsidiaries are included in the group consolidation.

Anitox Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

13 Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Stocks	1,286,562	861,060	1,257,094	820,405
Engineering parts	174,590	185,035	174,590	185,035
	<u>1,461,152</u>	<u>1,046,095</u>	<u>1,431,684</u>	<u>1,005,440</u>

Stock recognised in cost of sales during the year as an expense was £6,490,921 (2016 - £4,960,594). The impairment provision at the end of year relating to damaged or obsolete inventories amounted to £16,589 (2016 - £23,411).

There is no material difference between the replacement cost of stocks and the amounts stated above.

14 Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	2,052,158	1,786,111	2,037,047	1,633,149
Amounts owed by group undertakings	-	588,476	874,119	641,414
Other debtors	282,966	129,315	237,264	129,315
	<u>2,335,124</u>	<u>2,503,902</u>	<u>3,148,430</u>	<u>2,403,878</u>

All amounts shown under debtors fall due for payment within one year.

The impairment loss recognised in the group Statement of Comprehensive Income for the year in respect of bad and doubtful trade debtors was £9,194 (2016 - £91,942).

15 Creditors: amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	1,354,161	1,581,146	1,360,878	756,544
Amounts owed to group undertakings	96,687	-	-	-
Corporation tax	3,318	142,789	6,421	142,789
Other taxation and social security	109,974	65,609	58,087	65,609
Other creditors	236,061	156,583	235,371	156,583
Accruals and deferred income	321,987	513,726	291,593	513,726
	<u>2,122,188</u>	<u>2,459,853</u>	<u>1,952,350</u>	<u>1,635,251</u>

Anitox Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

16 Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets that are debt instruments measured at amortised cost	<u>2,737,601</u>	<u>3,529,179</u>	<u>3,524,419</u>	<u>3,373,202</u>
Financial liabilities measured at amortised cost	<u>(2,008,896)</u>	<u>(2,251,455)</u>	<u>(1,887,842)</u>	<u>(1,426,853)</u>

Financial assets measured at amortised cost comprise cash, trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and accruals.

17 Deferred taxation

Group	2017 £	2016 £
At beginning of year	(169,472)	(130,853)
Credited/(charged) to the Statement of Comprehensive Income	<u>22,830</u>	<u>(38,619)</u>
At end of year	<u>(146,642)</u>	<u>(169,472)</u>
Company		
At beginning of year	(169,472)	(130,853)
Credited/(charged) to the Statement of Comprehensive Income	<u>22,830</u>	<u>(38,619)</u>
At end of year	<u>(146,642)</u>	<u>(169,472)</u>

The provision for deferred taxation is made up as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Accelerated capital allowances	(148,239)	(170,771)	(148,239)	(170,771)
Sundry timing differences	<u>1,597</u>	<u>1,299</u>	<u>1,597</u>	<u>1,299</u>
	<u>(146,642)</u>	<u>(169,472)</u>	<u>(146,642)</u>	<u>(169,472)</u>

All deferred tax liabilities were recognised as at the year ended 31 December 2017.

Anitox Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

18 Share capital	2017 £	2016 £
Allotted, called up and fully paid		
446,699 ordinary shares of £1 each	446,699	446,699

The profits of the company are available for distribution in respect of each accounting period. In the event of winding up of the company, surplus assets and retained profits of the company after payment of its liabilities are available for distribution among the members. All shares carry voting rights of one vote per share.

19 Reserves

The group's reserves are as follows:

Share capital

Called up share capital reserve represents the nominal value of the shares issued.

Retained earnings

Retained earnings represents cumulative profits or losses net of dividends paid and other adjustments.

Capital redemption reserve

The capital redemption reserve contains the nominal value of the company's own shares that have been redeemed.

20 Share based payments

	Number	
Outstanding at the beginning and end of the year		39
	2017	2016
Option pricing model used	Black Scholes	Black Scholes
Weighted average share price (pence)	399,000	513,100
Exercise price (pence)	110,900 – 332,700	228,100
Weighted average contractual life (years)	4	4
Expected volatility	35%	30%
Expected dividend growth rate	0	0
Risk-free interest rate	1.57% - 1.72%	0.7%

There was no charge to the Statement of Comprehensive Income in the current or prior year in respect of share based payments.

Anitox Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (*continued*)

21 Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £59,716 (2016 - £74,267). Contributions totalling £9,391 (2016 - £7,637) were payable to the fund at the reporting date and are included in other creditors.

22 Commitments under operating leases

At 31 December 2017 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £
Not later than 1 year	59,316	64,727
Later than 1 year and not later than 5 years	228,000	230,316
Later than 5 years	228,000	285,000
	<hr/>	<hr/>
Total	515,316	580,043
	<hr/>	<hr/>

Fixed assets for both the group and company include amounts in disposals which are also included in additions as they are subsequently refurbished and reused. The figures shown in the Consolidated Statement of Cash Flows exclude these amounts.

23 Contingent liabilities

The group hold a foreign exchange facility with the bank which is secured by a fixed charge over the assets held.

24 Ultimate parent company and parent undertaking of larger group

The largest and smallest group in which the results of the company are consolidated is that headed by Anitox Holdings Inc., incorporated in the United States of America. Anitox Holdings Inc. is the company's ultimate parent company. The consolidated accounts of this company are not available to the public.