

Kiwa Limited

Directors' report and financial statements

Registered number 03473056

31 December 2017



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Directors' report

The directors present their report and financial statements for the year ended 31 December 2017.

Principal activity

The company offers a wide range of services to the oil, gas, electrical, water and construction markets, focusing upon equipment testing and certification, operative training and assessment, and consultancy services. Following the transfer of trade and assets from Product Authentication Inspectorate Limited (rebranded as Agri Food) on the 1st August 2017, the company also offers farm, food and feed assurance, safety audits and certification.

Results and dividends

The profit for the year after taxation was £284,384 (2016 – £421,468).

Directors

The directors who held office during the year were as follows:

M E Crowther
L Campbell
B Austin (resigned 31/03/2018)
M Horwood
L Leroy

Liability insurance

The company maintains liability insurance for directors and officers, as permitted by section 234(1) of the Companies Act 2006.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the special provisions of Section 415A of the Companies Act 2006 relating to small entities; the company has also taken advantage of the small companies' exemption in Section 414B from preparing a Strategic report.

On behalf of the board



M S Horwood

Secretary

Kiwa House
Malvern View Business Park
Stella Way, Bishops Cleeve
Cheltenham, Gloucestershire
GL52 7DQ

21 September 2018

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to smaller entities).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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 estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Kiwa Limited

Opinion

We have audited the financial statements of Kiwa Limited for the year ended 31 December 2017, which comprise the Income Statement, Statement of Other Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or

Independent auditor's report to the members of Kiwa Limited (Continued)

Matters on which we are required to report by exception (continued)

- the directors were not entitled to prepare the financial statements in accordance with the small companies regime, take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Emma Holiday (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

28th September 2018

Income Statement

for the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	2	9,805,997	8,006,174
Cost of sales		(4,825,266)	(4,054,822)
		<hr/>	<hr/>
Gross profit		4,980,731	3,951,352
Administrative expenses		(4,605,230)	(3,552,169)
		<hr/>	<hr/>
Operating profit		375,501	399,183
Interest receivable and similar charges		5,954	156
Interest payable and similar charges		-	(9,131)
		<hr/>	<hr/>
Profit before taxation		381,455	390,208
Tax on profit	6	(97,071)	31,260
		<hr/>	<hr/>
Profit for the financial year		284,384	421,468
		<hr/>	<hr/>

Statement of Other Comprehensive Income

for the year ended 31 December 2017

There is no other comprehensive income other than the profit attributable to the shareholders of the company of £284,384, in the year ended 31 December 2017 (2016 – £421,468).

Statement of Changes in Equity

for the year ended 31 December 2017

	Share Capital £	Share Premium £	Profit and loss account £	Total £
At 1 January 2016	1,000	249,000	2,224,475	2,474,475
Profit for the financial year, being total comprehensive income for the year	-	-	421,468	421,468
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	1,000	249,000	2,645,943	2,895,943
Profit for the financial year, being total comprehensive income for the year	-	-	284,384	284,384
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	1,000	249,000	2,930,327	3,180,327
	<hr/>	<hr/>	<hr/>	<hr/>

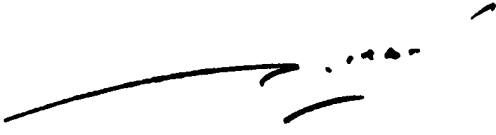
The accompanying accounting policies and notes form part of these financial statements

Statement of Financial Position
at 31 December 2017

	<i>Note</i>	2017 £	2016 £
Fixed assets			
Intangible assets	8	29,847	39,809
Tangible assets	7	1,859,976	1,939,440
Investments	9	1,223	1,223
		<hr/>	<hr/>
		1,891,046	1,980,472
		<hr/>	<hr/>
Current assets			
Debtors: amounts falling due after more than one year	10	235,000	85,000
Debtors: amounts falling due within one year	10	4,500,268	1,736,098
Cash at bank and in hand	11	621,679	787,847
		<hr/>	<hr/>
		5,356,947	2,608,945
		<hr/>	<hr/>
Creditors: amounts falling due within one year	12	(3,919,043)	(1,509,851)
		<hr/>	<hr/>
Net current assets		1,437,904	1,099,094
		<hr/>	<hr/>
Total assets less current liabilities		3,328,950	3,079,566
		<hr/>	<hr/>
Provisions for liabilities			
Pension funding shortfall	14	(148,623)	(183,623)
Deferred tax liability		-	-
		<hr/>	<hr/>
Net assets		3,180,327	2,895,943
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	16	1,000	1,000
Share premium account	16	249,000	249,000
Profit and loss account	16	2,930,327	2,645,943
		<hr/>	<hr/>
Shareholders' funds		3,180,327	2,895,943
		<hr/>	<hr/>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the provisions of FRS 102 Section 1A – small entities.

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


M S Horwood
 Director

21 September 2018
 Company registered number: 03473056

The accompanying accounting policies and notes form part of these financial statements

Notes to the Financial Statements

Year Ended 31 December 2017

(forming part of the financial statements)

1 Accounting policies

Statement of Compliance

Kiwa Limited is a limited liability company incorporated, domiciled and registered in England in the UK. The registered number is 03473056 and registered office is Kiwa House, Malvern View Business Park, Stella Way, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 7DQ.

The company is exempt by virtue of s.400 of the Companies Act 2006 from the requirement to produce group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

The Company's financial statements have been prepared in accordance with the provisions of FRS 102 Section 1A small entities as it applies to the financial statements of the Company for the year ended 31 December 2017.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are prepared in GBP sterling which is the functional currency of the Company and rounded to the nearest £.

The Company's ultimate parent undertaking, ACTA* Holding BV, a company registered in the Netherlands includes the Company in its consolidated financial statements. The consolidated financial statements of ACTA* Holding BV, a company registered in the Netherlands are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Kiwa NV, Winston Churchillaan 273, Postbus 70, 2280 AB Rijswijk, The Netherlands. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of ACTA* Holding BV include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The below judgement had the most significant effect on amounts recognised in the financial statements:

Revenue Recognition

Certain elements of revenue recognition are subject to a degree of estimation, in particular in relation to assessment of the progress and stage of completion of long term contracts and the progress of work undertaken for different schemes. For further details see the revenue policy below.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Revenue

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Revenue is recognised when services are physically provided to the customer and represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of consideration due.

- i) For defined-service schemes, revenue is recognised on completion of the service provided.
- ii) For annual or fixed period schemes, revenue is recognised equally over the scheme term.

Where payments are received in advance of services provided, the amounts are recorded as Payments on account and are included as part of Creditors due within one year.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the income statement turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract. Where a contract is expected to make loss, the full loss is recognised in the profit and loss immediately.

Amounts recoverable on contracts, which is included in debtors, represents completed work delivered to clients which can be invoiced and is stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account.

Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life which was assessed by the directors to be 10 years from 1 January 2012.

Equipment rights represent the perpetual rights to specialist testing equipment. It is amortised to the income statement over its remaining estimated useful economic life at the point of transfer from CMT (Testing) Limited of 3.25 years.

Development costs relate to the development of product authentication standards and are capitalised when the requirements of FRS 102 Section 1A are met and future sales revenue will exceed costs incurred in the development of the standard. Development costs are capitalised and written off over the period of the resulting contracts subject to a maximum of 20 years.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	- 2.5% straight line
Plant, machinery and office equipment	- 20-33% straight line
Motor vehicles	- 33.3% reducing balance
Leasehold improvements	- Straight line to the next break clause in the lease
Freehold land is not depreciated.	

Investments

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

Interest receivable

Interest receivable is recognised in the income statement as it accrues.

Operating leases

Rentals under operating leases are charged to the income statement on a straight line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

Taxation

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the companies' taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the income statement.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

The company previously operated a defined benefit scheme for certain employees through the CRE Group sub-fund of the Industry Wide Coal Staff Superannuation Scheme (IWCSSS). This scheme is funded independently of the company's finances. The sub-fund has no active members and is closed to new members.

The company provides for its agreed share of the contribution to the deficit by reference to the tri annual actuarial valuation and agreement with the IWCSSS, the next valuation being due during 2020. The liabilities provided are discounted by reference to a nominal risk free rate based upon UK government bonds.

2 Turnover

	2017	2016
Company's turnover attributable to geographical markets in:		
United Kingdom	86.0%	82.7%
Rest of EU	10.4%	9.1%
Rest of world	3.6%	8.2%

Turnover is attributable to one class of business being the rendering of services.

3 Auditor's remuneration

	2017	2016
	£	£
Fee payable to the company's auditor and associates:		
For audit of the company's financial statements	14,790	14,790
For Taxation compliance services	4,320	4,320
For other accountancy services	-	-
	<u>19,110</u>	<u>19,110</u>

Notes to the financial statements (continued)

4 Staff numbers and costs

	2017	2016
The average number of employees (including directors) during the year:		
Direct	85	66
Indirect	59	33
	<u>144</u>	<u>99</u>

The aggregate payroll costs of these persons were as follows:

	2017 £	2016 £
Wages and salaries	3,817,424	2,890,129
Social security costs	427,353	302,863
Contributions to defined contribution plans	156,020	139,654
	<u>4,400,797</u>	<u>3,332,646</u>

5 Directors' remuneration

Directors' remuneration excludes remuneration which has been borne by this entity and disclosed by other group entities in relation to the time spent by the directors in performing qualifying services for those other group entities:

	2017 £	2016 £
Directors' remuneration (including pension)	332,146	308,100
Defined contribution pension cost	21,241	20,337

The number of directors during the year was 5 (2016: 5) and at year end was 5 (2016: 5)

The remuneration of the highest paid director was £119,496 (2016: £106,321) and the defined contribution pension cost was £5,240 (2016: £4,800)

6 Taxation

Total tax expense recognised in the profit and loss account

	2017 £	2016 £
<i>Current tax</i>		
Current tax on income for the period	74,462	72,122
Adjustments in respect of prior periods	14,919	(61,230)
Total current tax	<u>89,381</u>	<u>10,892</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	11,929	25,258
Adjustments in respect of prior periods	(4,239)	(67,410)
Total tax	<u>97,071</u>	<u>(31,260)</u>

All tax was recognised in the profit and loss account

Notes to the financial statements (continued)

6 Taxation (continued)

Reconciliation of effective tax rate

	2017 £	2016 £
Profit for the year	284,384	421,468
Total tax (credit)/expense	97,071	(31,260)
Profit excluding taxation	381,455	390,208
Tax using the UK corporation tax rate of 19% (2016: 20%)	72,476	78,042
Disallowable expenses	20,641	19,955
Less (Over)/Under provision in previous years	10,680	(128,640)
Other timing differences	(6,726)	(617)
Total tax expense included in profit or loss	97,071	(31,260)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2017 has been calculated based on these rates.

7 Tangible fixed assets

	Freehold Property £	Leasehold Improve- ments £	Plant & machinery, Office equipment £	Motor Vehicles £	Total £
Cost					
Balance at 1 January 2017	193,918	1,432,148	1,152,091	226,580	3,004,737
Additions	-	17,831	106,085	31,061	154,977
Disposals	-	-	(234,289)	(21,911)	(256,200)
Acquisitions through business combinations	-	11,974	43,404	-	55,378
Balance at 31 December 2017	193,918	1,461,953	1,067,291	235,730	2,958,892
Depreciation					
Balance at 1 January 2017	25,488	122,548	802,398	114,863	1,065,297
Charge for the year	6,374	79,135	131,084	71,125	287,718
Disposals	-	-	(234,289)	(19,810)	(254,099)
Balance at 31 December 2017	31,862	201,683	699,193	166,178	1,098,916
Net book value					
At 1 January 2017	168,430	1,309,600	349,693	111,717	1,939,440
At 31 December 2017	162,056	1,260,270	368,098	69,552	1,859,976

Notes to the financial statements (continued)

8 Intangible fixed assets

	Equipment rights, Development £	Goodwill £	Total £
Cost			
Balance at 1 January 2017	56,878	123,779	180,657
Acquisitions through business combinations	2,341	-	2,341
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	59,219	123,779	182,998
	<hr/>	<hr/>	<hr/>
Amortisation			
Balance at 1 January 2017	56,878	83,970	140,848
Charge for the year	2,341	9,962	12,303
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	59,219	93,932	153,151
	<hr/>	<hr/>	<hr/>
Net book value			
At 1 January 2017	-	39,809	39,809
	<hr/>	<hr/>	<hr/>
At 31 December 2017	-	29,847	29,847
	<hr/>	<hr/>	<hr/>

The goodwill is being amortised over the useful economic life estimated by the directors as 10 years from 1st January 2012.

9 Investments

	<i>Investments in subsidiary companies</i> £
Cost or valuation	
At 1 January 2017 and 31 December 2017	1,223
	<hr/>
Net book value	
At 1 January 2017 and 31 December 2017	1,223
	<hr/>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Blackwood EMC Limited	Ordinary	100%
C Sense Verification Limited	Ordinary	100%

Blackwood EMC Limited and C Sense Verification Limited are incorporated in England and Wales and the registered office is Kiwa House, Malvern View Business Park, Stella Way, Bishops Cleeve, Cheltenham, Gloucestershire, GL52 7DQ. The companies are dormant and there is no intention to trade.

Notes to the financial statements (continued)

10 Debtors

	2017 £	2016 £
<i>Due after more than one year:</i>		
Amounts owed by group undertakings	235,000	85,000
	<hr/>	<hr/>
<i>Due within one year:</i>		
Trade debtors	2,621,362	1,167,268
Amounts owed by group undertakings	1,120,208	120,574
Other debtors	261,853	205,308
Deferred tax	20,930	33,496
Amounts recoverable on long term contracts	475,915	209,452
	<hr/>	<hr/>
	4,500,268	1,734,101
	<hr/>	<hr/>

11 Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	621,679	787,847
	<hr/>	<hr/>

12 Creditors

	2017 £	2016 £
Payments received on account and advanced invoicing	1,001,954	372,906
Trade creditors	328,990	159,349
Amounts owed to group undertakings	769,171	205,876
Corporation tax	145,096	47,754
Other taxation and social security	494,837	280,330
Other creditors	500,247	443,636
Accruals and deferred income	678,748	-
	<hr/>	<hr/>
	3,919,043	1,509,851
	<hr/>	<hr/>

The amounts owed to group undertakings are normal trading balances, due within one year, bearing interest payable at 4% p.a.

13 Deferred tax

	2017 £	2016 £
At beginning of year - (liability)/asset	33,496	(8,657)
Movement in the year	(7,690)	42,153
Transferred in	(4,876)	-
	<hr/>	<hr/>
At end of year – asset/(liability)	20,930	33,496
	<hr/>	<hr/>

Notes to the financial statements (continued)

13 Deferred Tax (continued)

The deferred tax asset is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(6,325)	(2,315)
Other timing differences	27,255	35,811
	<hr/>	<hr/>
Net tax assets/(liabilities)	20,930	33,496
	<hr/>	<hr/>

14 Provisions

	Pension Liability £
Balance at 1 January 2017	183,623
Deficit contributions made	(35,000)
	<hr/>
Balance at 31 December 2017	148,623
	<hr/>

Provision for pension liability

The company operated a defined benefit scheme for certain employees through the CRE Group sub-fund of the Industry Wide Coal Staff Superannuation Scheme (IWCSSS). This scheme is funded independently of the company's finances. The sub-fund has no active members and is closed to new members.

The last actuarial valuation, carried out as at 31 December 2015, indicated the level of funding for past service of employees was 81%, and that the company's agreed contribution to the deficit was £218,623. The company agreed with the trustees of the IWCSSS to make deficit contributions at a rate of £35,000 p.a. until November 2022.

The future cash flows resulting from the revised recovery plan have been discounted to give the present value. The estimated discount rate is calculated using a nominal risk free rate of 2.27% (2016 – 2.27%) based on UK government bonds.

15 Employee benefits

Defined contribution plans

The company operates four defined contribution schemes for certain employees. The pension costs relating to the schemes are charged against profits as incurred.

Contributions to the schemes amounts to £156,020 (2016: 139,654). Outstanding contributions at the year end amounted to £8,949 (2016: £27,026).

Notes to the financial statements (continued)

16 Capital and reserves

Share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid</i>		
500 ordinary A shares of £1 each	500	500
500 ordinary B shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>
Shares classified in shareholders' funds	<u>1,000</u>	<u>1,000</u>

The holders of all classes of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium account

This reserve represents the premium paid on the issue of share capital.

Profit and loss account

This reserve represents the cumulative comprehensive income recognised in the company, less any dividends paid.

17 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 £	2016 £
Less than one year	303,042	224,097
Between one and five years	743,976	674,061
More than five years	1,593,891	1,756,666
	<u>2,640,909</u>	<u>2,654,824</u>

During the year £270,961 was recognised as an expense in the profit and loss account in respect of operating leases (2016: £237,884).

18 Related parties

The company has not disclosed transactions with other Group companies, as it has taken advantage of the exemption contained within FRS 102.33.1A on the grounds that the company is a wholly owned subsidiary.

At 31 December 2017, the balance due to/(from) a fellow subsidiary undertaking, Product Compliance Specialists Limited was £(84,199) (2016: £148,115). The balance is included in amounts owed by (to) group undertakings within debtors (note 10). During the year the company recharged a net of £138,583 of management and facilities charges to Product Compliance Specialists Limited.

Notes to the financial statements (continued)

19 Ultimate parent undertaking and ultimate controlling party

As at the year end the company was controlled by Kiwa Holdings (UK) Limited, a company incorporated in the United Kingdom, its immediate parent company.

The parent undertaking of the largest and smallest group for which consolidated financial statements are prepared is ACTA* Holding BV, a company incorporated in The Netherlands. Consolidated financial statements are available from Kiwa NV, Winston Churchill-laan 273, Postbus 70, 2280 AB Rijswijk, The Netherlands.

In the opinion of the directors ACTA* Holding BV is the company's ultimate parent company and ultimate controlling party.

20 Acquisition of business

On 1 August 2017, the trade and majority of net assets were transferred from Product Authentication Inspectorate Limited to Kiwa Limited (rebranded as Kiwa Agri Food). The cash consideration was equal to the value of the net assets transferred and the transfer had the following effect on the companies' assets and liabilities:

	Book values	Fair value adjustments	Recognised values on acquisition £
Acquiree's net assets at the acquisition date:			
Tangible fixed assets	55,377	-	55,377
Intangible assets	2,341	-	2,341
Trade and other debtors	578,064	-	578,064
Cash	445,603	-	445,603
Interest-bearing loans and borrowings	987,726	-	987,726
Trade and other creditors	(1,496,842)	-	(1,496,842)
Deferred tax liabilities	4,144	-	4,144
	<hr/>	<hr/>	<hr/>
Net identifiable assets and liabilities	576,413	-	576,413
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>