

Company Registration No. 06565824 (England and Wales)

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



FORUM PRODUCTS HOLDINGS LIMITED

COMPANY INFORMATION

Directors	H Van Der Wal J Van Der Linden
Secretary	N Copp
Company number	06565824
Registered office	Crown House 2-8 Gloucester Road Redhill Surrey RH1 1FH
Auditor	Moore Stephens (South) LLP Priory House Pilgrims Court Sydenham Road Guildford Surrey GU1 3RX

FORUM PRODUCTS HOLDINGS LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Directors' responsibilities statement	5
Independent auditor's report	6 - 8
Statement of comprehensive income	9
Group balance sheet	10
Company balance sheet	11
Group statement of changes in equity	12
Company statement of changes in equity	13
Group statement of cash flows	14
Company statement of cash flows	15
Notes to the financial statements	16 - 30

FORUM PRODUCTS HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

The principal activity of the group in the year under review was that of the sale and distribution of products and ingredients to the pharmaceutical, animal nutrition, pharmacy and food industries. The group also distributes Department of Health prescription products.

Fair review of the business

The directors critically review the business during the year by comparing performance against agreed key performance indicators, such as turnover, gross profit, overheads and working capital.

The group's parent, Barentz International B.V. is present in most markets across Europe and is currently expanding into several other global markets through acquisition. Forum Products Limited, like its parent, is primarily a distributor of raw materials. Opportunities for the group to increase its product portfolio and increase the number of markets in which the companies' current product ranges can be distributed continues to be pursued. There also continues to be a considerable focus to obtain new distribution contracts in the UK.

Consolidated turnover for the year ended 31 December 2018 amounted to £109.9m compared to £117.7m for the previous year ended 31 December 2017. This represents a decrease of 7%. This decrease is attributed the company ceasing trading in the health food products sector and to the Department of Health guidance to not prescribe over the counter (OTC) products as well as the increasingly competitive nature of the market in which the prescription products are sold.

However, gross profit for the year ended 31 December 2018 amounted to £6.8m which is comparable with 2017. This is owing to a focus on margin and pricing increases in the ingredients business counteracted by the decreases of the prescription products sales as described above.

Overheads in the year ended 31 December 2018 were £0.2m lower than the previous year. Overall operating profit before tax was £3.2m, an increase of £0.2m from prior year primarily attributed to improved margins generated within the Ingredients distribution business and from a better than anticipated resolution of a payment dispute with a customer, which had been fully provided for in 2017

The directors consider that trading in a number of sectors - pharmaceuticals, animal nutrition, food ingredients and Department of Health prescriptions - provides both commercial opportunity and risk mitigation.

The directors continue to plan the future development of the business in terms of new product development and building new commercial partnerships across all areas of its business activities.

The directors are satisfied with the results for the period.

Net current assets at 31 December 2018 for the group were £4.3m compared to £4.5m at 31 December 2017.

Shareholders' funds at 31 December 2018 for the group were £4.4m compared to £4.7m at 31 December 2017.

FORUM PRODUCTS HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Outlook for 2019

Overall, turnover is expected to decrease in 2019. This is due to the issues described above on guidance for OTC products. However, with the new Pharmaceutical Price Regulation Scheme (PPRS) now issued for the next five years, new opportunities will be actively sought to offset the decrease. The decrease will also be partially offset by the ingredients business with new commercial opportunities in the UK and Ireland markets.

Gross profit is expected to remain consistent with 2018 despite lower turnover in 2019, owing to a better mix of sales as whilst low margin OTC sales will decrease the Ingredients distribution business will generate new business on higher margins.

Additionally, overheads are expected to increase due to higher personnel costs. Consequently, operating profit is expected to decrease due to the reasons above.

The group will continue to optimise working capital.

Principal risks and uncertainties

The group's operations expose it to a variety of financial risks that include credit risk, foreign exchange risk and liquidity risk. The group has put in place policies and procedures that seek to limit the effect of these risks.

The group has policies that require appropriate credit checks on potential and existing customers before sales are made.

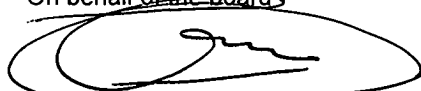
Forum Products Limited and Forum Health Products Limited actively maintain credit insurance policies that are designed to ensure that all of those companies' sales invoices are covered against default, where a customer can no longer meet its payment obligations. Credit limits are reviewed regularly to ensure the correct level of cover is in place to meet the requirements of the companies. Where the companies are granted an insufficient limit, the customers past trading history is taken into account when determining the level of credit to grant them. Forum Products Limited aims to operate with just 5% and Forum Health Products Limited with 1% of the value of open sales invoices not being covered by credit insurance, this way the potential risk to the companies is minimised.

The group is exposed to changes in the commodity prices of certain ingredients. Changes in prices may arise from Government or competitive forces such as the development of competitor products, patent protection and competitor discounting. The group seeks to mitigate this through active management of its commercial terms of business.

The group reviews and agrees policies for managing currency risks arising from operations and its sources of finance. The group buys and sells products denominated in foreign currencies. All significant transactions denominated in foreign currency, other than those where a natural hedge already exists, are hedged by foreign exchange contracts entered into by the responsible trading company.

The directors specifically review potential commercial and financial risk on a monthly basis and make provisions against such risks accordingly.

On behalf of the board



H Van Der Wal

Director

29/4/2019

FORUM PRODUCTS 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 the sale and distribution of products and ingredients to the pharmaceutical, animal nutrition, pharmacy and food industries. The group also distributes Department of Health prescription products.

Directors

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

H Van Der Wal
J Van Der Linden

Dividends

An interim 2018 dividend of £20.16 per share totalling £2,500,000 was declared in 2018. There was also a final 2017 dividend of £3.23 per share distributed during 2018 totalling £400,000.

Directors' insurance

Indemnity insurance for the benefit of the directors was in force during the year.

Future developments

There continues to be a focus from the parent company, Barentz, on promoting the company to act as distributor for the global principals in the Barentz portfolio as well as looking at opportunities to distribute and market the company's products into the regions in which Barentz operates across the world.

This strategy of expanding the groups product portfolio and the markets in which it sells provides an opportunity to grow turnover and gross margin as well as being a further opportunity to mitigate future risk.

Auditor

In accordance with the company's articles, a resolution proposing that Moore Stephens (South) LLP be reappointed as auditor of the group will be put at a General Meeting.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of matters relating to the principal activity, review of business and principal risks and uncertainties of the company.

Statement of disclosure to auditor

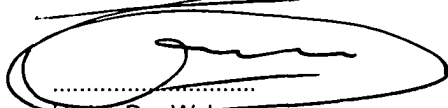
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order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

FORUM PRODUCTS HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

On behalf of the board



H. van Der Wal

Director

Date: 29/4/2019

FORUM PRODUCTS HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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.

In addition, the directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

FORUM PRODUCTS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORUM PRODUCTS HOLDINGS LIMITED

Opinion

We have audited the financial statements of Forum Products 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.

FORUM PRODUCTS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FORUM PRODUCTS 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.

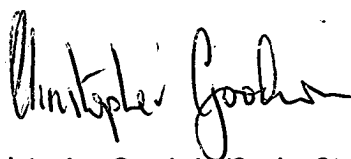
FORUM PRODUCTS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FORUM PRODUCTS 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.



Christopher Goodwin (Senior Statutory Auditor)
for and on behalf of Moore Stephens (South) LLP

Chartered Accountants
Statutory Auditor

3 May 2019

Priory House
Pilgrims Court
Sydenham Road
Guildford
Surrey
GU1 3RX

FORUM PRODUCTS HOLDINGS LIMITED

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

	Notes	2018 £	2017 £
Turnover	3	109,873,372	117,693,398
Cost of sales		(103,029,122)	(110,903,418)
Gross profit		6,844,250	6,789,980
Administrative expenses		(3,626,984)	(3,824,633)
Other operating income		25,000	-
Operating profit	4	3,242,266	2,965,347
Interest receivable and similar income	7	20	-
Interest payable and similar expenses	8	(2,998)	(7,965)
Profit before taxation		3,239,288	2,957,382
Tax on profit	9	(594,159)	(542,016)
Profit for the financial year		2,645,129	2,415,366

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

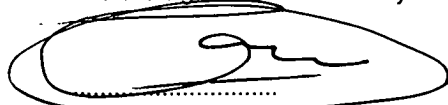
FORUM PRODUCTS HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Goodwill	11		-		63,176
Tangible assets	12		71,836		90,198
			<u>71,836</u>		<u>153,374</u>
Current assets					
Stocks	16	4,912,048		5,739,898	
Debtors	17	19,800,596		21,347,670	
Cash at bank and in hand		4,454,110		1,257,969	
		<u>29,166,754</u>		<u>28,345,537</u>	
Creditors: amounts falling due within one year	18	<u>(24,825,305)</u>		<u>(23,830,755)</u>	
Net current assets			<u>4,341,449</u>		<u>4,514,782</u>
Total assets less current liabilities			<u>4,413,285</u>		<u>4,668,156</u>
Capital and reserves					
Called up share capital	21		124,000		124,000
Share premium account			81,000		81,000
Profit and loss reserves			4,208,285		4,463,156
Total equity			<u>4,413,285</u>		<u>4,668,156</u>

The financial statements were approved by the board of directors and authorised for issue on 29/4/2019 and are signed on its behalf by:



H Van Der Wal
Director

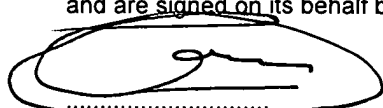
FORUM PRODUCTS HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Investments	13		2,702,228		2,702,228
Current assets					
Debtors	17	2,019,768		350,000	
Cash at bank and in hand		841		984	
		2,020,609		350,984	
Creditors: amounts falling due within one year	18	(2,500,000)		(829,265)	
Net current liabilities			(479,391)		(478,281)
Total assets less current liabilities			2,222,837		2,223,947
Capital and reserves					
Called up share capital	21		124,000		124,000
Share premium account			81,000		81,000
Profit and loss reserves			2,017,837		2,018,947
Total equity			2,222,837		2,223,947

The financial statements were approved by the board of directors and authorised for issue on 29/4/2019 and are signed on its behalf by:



H Van Der Wal
Director

Company Registration No.

FORUM PRODUCTS HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2017		124,000	81,000	4,047,790	4,252,790
Year ended 31 December 2017:					
Profit and total comprehensive income for the year		-	-	2,415,366	2,415,366
Dividends	10	-	-	(2,000,000)	(2,000,000)
Balance at 31 December 2017		124,000	81,000	4,463,156	4,668,156
Year ended 31 December 2018:					
Profit and total comprehensive income for the year		-	-	2,645,129	2,645,129
Dividends	10	-	-	(2,900,000)	(2,900,000)
Balance at 31 December 2018		124,000	81,000	4,208,285	4,413,285

FORUM PRODUCTS HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2017		124,000	81,000	2,020,057	2,225,057
Year ended 31 December 2017:					
Profit and total comprehensive income for the year		-	-	1,998,890	1,998,890
Dividends	10	-	-	(2,000,000)	(2,000,000)
Balance at 31 December 2017		124,000	81,000	2,018,947	2,223,947
Year ended 31 December 2018:					
Profit and total comprehensive income for the year		-	-	2,898,890	2,898,890
Dividends	10	-	-	(2,900,000)	(2,900,000)
Balance at 31 December 2018		124,000	81,000	2,017,837	2,222,837

FORUM PRODUCTS 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	4,800,751		1,951,704	
Interest paid		(2,998)		(7,965)	
Income taxes paid		(500,414)		(681,334)	
Net cash inflow from operating activities		<u>4,297,339</u>		<u>1,262,405</u>	
Investing activities					
Purchase of tangible fixed assets		(1,229)		(3,232)	
Proceeds on disposal of tangible fixed assets		11		665	
Interest received		20		-	
Net cash used in investing activities		<u>(1,198)</u>		<u>(2,567)</u>	
Financing activities					
Intercompany loan with parent		1,800,000		700,000	
Dividends paid to equity shareholders		(2,900,000)		(2,000,000)	
Net cash used in financing activities		<u>(1,100,000)</u>		<u>(1,300,000)</u>	
Net increase/(decrease) in cash and cash equivalents		<u>3,196,141</u>		<u>(40,162)</u>	
Cash and cash equivalents at beginning of year		1,257,969		1,296,387	
Effect of foreign exchange rates		-		1,744	
Cash and cash equivalents at end of year		<u><u>4,454,110</u></u>		<u><u>1,257,969</u></u>	

FORUM PRODUCTS HOLDINGS LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash absorbed by operations	29		(1,110)		(1,143)
Investing activities					
Dividends received		2,900,000		2,000,000	
Net cash generated from investing activities			2,900,000		2,000,000
Financing activities					
Intercompany loan with subsidiaries		(1,799,033)		(700,000)	
Intercompany loan with parent		1,800,000		700,000	
Dividends paid to equity shareholders		(2,900,000)		(2,000,000)	
Net cash used in financing activities			(2,899,033)		(2,000,000)
Net decrease in cash and cash equivalents			(143)		(1,143)
Cash and cash equivalents at beginning of year			984		2,127
Cash and cash equivalents at end of year			841		984

FORUM PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Forum Products Holdings Limited ('the Group') is a group of private companies, limited by shares, incorporated in England and Wales. The address of its registered office and principal place of business is Crown House, 2-8 Gloucester Road, Redhill, Surrey, RH1 1FH.

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 except for derivative financial instruments which are stated at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The consolidated financial statements include the accounts of the parent undertaking and its subsidiary undertakings made up to 31 December 2018.

The results of the subsidiaries are included in the consolidated profit and loss account from the date of their acquisition. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of separate net assets acquired) is capitalised as an intangible fixed asset and amortised over a period of 10 years, being the directors' estimate of its useful economic life.

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.

1.4 Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied, which includes commission. Invoices raised for goods and services are based on fulfilled obligations. Commission income is accounted for on a receipts basis.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.5 Intangible fixed assets - goodwill

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

1.6 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.

FORUM PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold improvements	10% and 20% straight line
Fixtures and fittings	20% straight line
Computer equipment	20% straight line

1.7 Fixed asset investments

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.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value. Costs are determined in a first in, first out basis and includes, where relevant, costs incurred in moving product to warehouse, together with packaging costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for costs of realisation. Provision is made where necessary for obsolete, slow-moving and defective stocks.

1.10 Financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument. The Group holds basic financial instruments, which comprise cash and cash equivalents, trade and other receivables derivative financial instruments, trade and other payables. The Group has chosen to apply the provisions of Section 11 Basic Financial Instruments and Section 12 Other Financial Instruments in full.

Basic financial assets

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held with banks.

(ii) Trade and other receivables

Trade and other receivables are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

At the end of each reporting period, the Group assesses whether there is objective evidence that any receivable amount may be impaired. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in profit or loss.

FORUM PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

(iii) Trade and other payables and loans and borrowings

Trade and other payables are initially measured at the transaction price, including any transactions costs, and subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

(iv) Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk arising in relation to foreign denominated transactions. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recognised at fair value at the date the derivative contract is entered into and are subsequently measured at fair value at each reporting date. The resulting gain or loss is recognised in profit or loss. The Group doesn't apply hedge accounting in accordance with Section 12.

(v) Compound financial instruments

The derivative financial instrument is presented as a financial asset or financial liability depending on whether it is in a favourable or unfavourable position for the Group at the reporting date.

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 Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

FORUM PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.13 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.

1.14 Retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

1.15 Leases

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.

1.16 Foreign exchange

Assets and liabilities 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 of exchange ruling at the date of transaction based on published rates or on the average rate at which forward contracts are placed with financial institutions. Exchange differences are taken into account in arriving at the operating result.

1.17 Dividend income and distribution

Dividend income and distribution are recognised as income and expenditure in the year in which they are approved.

FORUM PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 Judgements and key sources of estimation uncertainty

Critical judgements

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.

Critical judgements in applying the Company's accounting policies

The critical judgements that the directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairments assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(ii) Recoverability of receivables

The Group establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the ageing of the receivables, whether the receivables are covered by credit insurance, past experience of recoverability, and the credit profile of individual or groups of customers.

(iii) Determining residual values and useful economic lives of property, plant and equipment

The Group depreciate tangible assets over their estimated useful lives. the estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the Group would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

FORUM PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Turnover and other revenue

	2018	2017
	£	£
Turnover analysed by geographical market		
United Kingdom	102,512,800	110,951,219
Other European Union	7,137,686	6,335,410
Rest of World	222,886	406,769
	<u>109,873,372</u>	<u>117,693,398</u>

4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(1,617)	(872)
Depreciation of owned tangible fixed assets	19,304	19,157
Loss on disposal of tangible fixed assets	277	326
Amortisation of intangible assets	63,176	108,000
Operating lease charges	232,199	243,006
	<u>232,199</u>	<u>243,006</u>

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 the company's subsidiaries	28,164	20,383
For other services		
Taxation compliance services	4,000	-
All other non-audit services	4,000	-
	<u>8,000</u>	<u>-</u>

FORUM PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Employees

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

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Sales and marketing	13	13	-	-
Technical	7	7	-	-
Administration	4	4	-	-
Finance and operations	19	18	-	-
Directors	2	2	-	-
	<u>45</u>	<u>44</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	2,220,464	2,103,591	-	-
Social security costs	227,541	225,559	-	-
Pension costs	106,970	100,935	-	-
	<u>2,554,975</u>	<u>2,430,085</u>	<u>-</u>	<u>-</u>

7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Other interest income	20	-
	<u>20</u>	<u>-</u>

8 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	7,748
Other interest on financial liabilities	1,499	217
	<u>1,499</u>	<u>7,965</u>
Other finance costs:		
Other interest	1,499	-
	<u>1,499</u>	<u>-</u>
Total finance costs	<u>2,998</u>	<u>7,965</u>

FORUM PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	596,920	514,355
Adjustments in respect of prior periods	239	261
Total current tax	597,159	514,616
Deferred tax		
Origination and reversal of timing differences	(3,000)	27,400
Total tax charge	594,159	542,016

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	3,239,288	2,957,382
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	615,465	569,207
Tax effect of expenses that are not deductible in determining taxable profit	3,455	2,606
Tax effect of utilisation of tax losses not previously recognised	(38,721)	(49,252)
Adjustments in respect of prior years	239	232
Deferred tax adjustments in respect of prior years	(3,000)	27,400
Accelerated capital allowances and other timing differences	2,626	2,065
Changes to general provisions	2,090	(31,028)
Goodwill	12,005	20,786
Taxation charge	594,159	542,016

10 Dividends

Recognised as distributions to equity holders:

	2018 Per share £	2017 Per share £	2018 Total £	2017 Total £
Ordinary shares				
Interim paid	23.38	16.13	2,900,000	2,000,000
Total dividends				
Interim paid			2,900,000	2,000,000

FORUM PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2018 and 31 December 2018	2,096,751
Amortisation and impairment	
At 1 January 2018	2,033,575
Amortisation charged for the year	63,176
At 31 December 2018	2,096,751
Carrying amount	
At 31 December 2018	-
At 31 December 2017	63,176

The company had no intangible fixed assets at 31 December 2018 or 31 December 2017.

12 Tangible fixed assets

Group	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2018	121,213	24,352	34,838	180,403
Additions	-	174	1,055	1,229
Disposals	-	(521)	-	(521)
At 31 December 2018	121,213	24,005	35,893	181,111
Depreciation and impairment				
At 1 January 2018	45,889	19,946	24,369	90,204
Depreciation charged in the year	13,078	2,335	3,891	19,304
Eliminated in respect of disposals	-	(233)	-	(233)
At 31 December 2018	58,967	22,048	28,260	109,275
Carrying amount				
At 31 December 2018	62,246	1,957	7,633	71,836
At 31 December 2017	75,324	4,406	10,468	90,198

The company had no tangible fixed assets at 31 December 2018 or 31 December 2017.

FORUM PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

13 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	14	-	-	2,702,228	2,702,228

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 January 2018 and 31 December 2018	2,702,228
Carrying amount	
At 31 December 2018	2,702,228
At 31 December 2017	2,702,228

14 Subsidiaries

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

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Forum Bioscience Holdings Limited	Crown House, 2-8 Gloucester Road, Redhill, Surrey, RH1 1FH, United Kingdom	Dormant holding company	Ordinary	100.00
Forum Health Products Limited	As above	Distributor	Ordinary	100.00
Forum Products Limited	As above	Distributor	Ordinary	100.00
Forum Products (Ireland) Limited	As above	Dormant	Ordinary	100.00
Quantum Generics Limited	As above	Dormant	Ordinary	100.00

15 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	23,898,755	21,038,579	2,019,768	350,000
Carrying amount of financial liabilities				
Measured at amortised cost	23,071,579	22,708,171	2,500,000	829,265

FORUM PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Financial instruments

(Continued)

Financial assets at fair value through profit and loss consists of a derivative financial assets gain/(loss) of £1,713 (2017: £(5,789)).

16 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Finished goods and goods for resale	4,912,048	5,739,898	-	-

The cost of goods expensed through the Consolidated Statement of Comprehensive Income was £100,875,268 (2017: £108,622,147).

17 Debtors

	Group 2018 £	2017 £	Company 2018 £	2017 £
Amounts falling due within one year:				
Trade debtors	19,444,643	21,038,577	-	-
Amounts owed by group undertakings	2	2	2,019,768	350,000
Prepayments and accrued income	350,451	306,591	-	-
	19,795,096	21,345,170	2,019,768	350,000
Deferred tax asset (note 19)	5,500	2,500	-	-
	19,800,596	21,347,670	2,019,768	350,000

The Barentz group has a composite banking arrangement with ABN Amro Bank whereby the trade debtors of this company are provided as security for the Barentz group banking facilities

18 Creditors: amounts falling due within one year

	Group 2018 £	2017 £	Company 2018 £	2017 £
Trade creditors	20,550,614	21,173,710	-	-
Amounts owed to group undertakings	2,500,000	700,000	2,500,000	829,265
Corporation tax payable	293,945	197,200	-	-
Other taxation and social security	754,479	925,384	-	-
Other creditors	20,965	19,967	-	-
Accruals and deferred income	705,302	814,494	-	-
	24,825,305	23,830,755	2,500,000	829,265

FORUM PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Assets 2018 £	Assets 2017 £
Group		
Accelerated capital allowances	2,500	29,900
Tax losses	3,000	(27,400)
	<u>5,500</u>	<u>2,500</u>

The company has no deferred tax assets or liabilities.

	Group 2018 £	Company 2018 £
Movements in the year:		
Liability/(asset) at 1 January 2018	(2,500)	-
Credit to profit or loss	(3,000)	-
	<u>(5,500)</u>	<u>-</u>
Liability/(asset) at 31 December 2018	<u>(5,500)</u>	<u>-</u>

The deferred tax asset comprises £5,265 (2017: £3,348) of general provisions and £236 (2017: £(848)) of accelerated capital allowances, both to be utilised within one year.

20 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	106,970	100,935
	<u>106,970</u>	<u>100,935</u>

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.

21 Share capital

	Group and company 2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
124,000 Ordinary shares of £1 each	124,000	124,000
	<u>124,000</u>	<u>124,000</u>

The company has one class of ordinary share which carry voting rights but have no right to fixed income.

FORUM PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

22 Profit and Loss Account

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements. The profit dealt with in the financial statements of the parent company was £2,898,890 (2017 - £1,998,890).

23 Financial commitments, guarantees and contingent liabilities

A standard multilateral bank guarantee is held by NatWest Bank plc with Forum Products Limited, Forum Products Holdings Limited and Forum Health Products Limited.

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 2018 £	2017 £	Company 2018 £	2017 £
Within one year	205,771	191,537	113,257	89,868
Between two and five years	476,113	126,384	396,899	29,956
	<u>681,884</u>	<u>317,921</u>	<u>510,156</u>	<u>119,824</u>

25 Related party transactions

	2018 £	2017 £
Wages and salaries	286,049	280,913
Social security costs	36,726	39,478
Pension costs	12,326	12,071
	<u>335,101</u>	<u>332,462</u>

FORUM PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

25 Related party transactions

(Continued)

The Group has taken advantage of the exemptions under Section 33 "Related Party Disclosures" not to disclose related party transactions and balances with subsidiaries as they are wholly owned subsidiaries and included within the consolidated financial statements.

During the year, the Group purchased goods to the value of £210,956 (2017: £149,261) from Unilecithin Group, £18,052 (2017: £17,803) from NK Chemicals Europe, £322,737 (2017: £138,070) from Vitasquare B.V., all fellow subsidiaries of Barentz International B.V.

At 31 December 2018, the company owed £31,426 (2017: £35,878) to Unilecithin group and £30,748 (2017: £95,473) to Vitasquare B.V. which are included within trade creditors.

26 Controlling party

The group's immediate parent undertaking is Barentz International B.V. a company registered in the Netherlands. The group's ultimate parent undertaking is H.L. Barentz B.V., a company registered in The Netherlands.

The ultimate controlling party is Stichting Barentz Beheer (a Trust).

27 Forward Foreign Exchange Contracts

The company enters into forward exchange contracts to hedge specific forecast transactions. At the balance sheet date the company had entered into forward exchange contracts to buy and sell Dollars, Euros and other currencies in exchange for Sterling. The total net principal value of the contracts outstanding at 31 December 2018 were £562,955 (2017: £270,658).

In accordance with the foreign exchange management policy, there were the following open forward contracts at the year end maturing within 12 months:

Currency	Principal Amount £	Average Committed Rate	Contracted value (Currency)	Fair Value £
CHF	489,497	1.25774	616,250	491,446
EURO	-	-	-	-
USD	<u>73,458</u>	1.29232	93,900	<u>73,222</u>
	562,955			564,668

FORUM PRODUCTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

28 Cash generated from group operations

	2018 £	2017 £
Profit for the year after tax	2,645,129	2,415,364
Adjustments for:		
Taxation charged	594,159	542,016
Finance costs	2,998	7,965
Investment income	(20)	-
Loss on disposal of tangible fixed assets	277	326
Amortisation and impairment of intangible assets	63,176	108,000
Depreciation and impairment of tangible fixed assets	19,304	19,157
Foreign exchange gains on cash equivalents	-	(1,744)
Movements in working capital:		
Decrease in stocks	827,850	473,524
Decrease in debtors	1,550,074	1,318,279
(Decrease) in creditors	(902,195)	(2,231,183)
Cash generated from operations	4,800,752	2,651,704

29 Cash generated from operations - company

	2018 £	2017 £
Profit for the year after tax	2,898,890	1,998,890
Adjustments for:		
Investment income	(2,900,000)	(2,000,000)
Movements in working capital:		
Decrease in debtors	129,265	-
(Decrease) in creditors	(129,265)	(33)
Cash absorbed by operations	(1,110)	(1,143)