

Number 08365337
English Register

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

CONSOLIDATED REPORT AND ACCOUNTS

YEAR ENDED 31 MAY 2016



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CHEMICALS AND FEEDS (HOLDINGS) LIMITED

GENERAL INFORMATION

DIRECTORS: Mrs J S Belfrage FCCA
Mr M J Donnelly

**REGISTERED
OFFICE:** Springfield House
Sandling Road
Maidstone
Kent
ME14 2LP

AUDITOR: Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

BANKERS: HSBC Bank plc
26 Broad Street
Reading
Berkshire
RG1 2BU

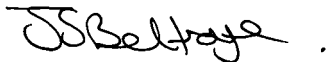
CHEMICALS AND FEEDS (HOLDINGS) LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the company will be held at Springfield House, Sandling Road, Maidstone, Kent ME14 2LP on Friday 14 October 2016 at 12.15 pm to transact the following business of the Company:

1. To receive and adopt the directors' report and financial statements for the year ended 31 May 2016 (the "Accounts").
2. To re-appoint Moore Stephens LLP as auditor to the company and to authorise the directors to fix the auditors remuneration.

By order of the Board, dated Thursday 15 September 2016.



J S BELFRAGE

Director

Springfield House
Sandling Road
Maidstone
Kent
ME14 2LP

Note:

A member entitled to attend and vote at the above-mentioned meeting is entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend and to speak and vote at a meeting of the Company in his/her stead. A proxy need not be a member of the Company. To be valid the form of proxy must be received at the company's registered office not less than forty eight hours before the time of the meeting, 12.15pm on Wednesday 12 October 2016.

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

STRATEGIC REPORT

The directors submit their report and accounts for the year ended 31 May 2016.

Review of Business

Chemicals and Feeds (Holdings) Limited was incorporated to enable the acquisition of the investment in Chemicals and Feeds Limited. The investment of 67.66% of the share capital was finalised on 23 April 2013 with the consideration being deferred via the issue of loan notes.

The loan note repayment schedule, with the agreement of those concerned, was accelerated during the year and the outstanding consideration was fully settled on 31 May 2016.

In the opinion of the directors the group affairs at the year end are satisfactory with future prospects remaining positive.

Risks and Uncertainties

Principal risks and uncertainties for the business continue to be increased competition within the market place, however existing trading relationships have been developed and expanded to secure the business for the future.

Post Balance Sheet Events

The directors of the subsidiary company approved the redemption of 25,657 preference shares, issued on 31 October 2013, at par on 31 August 2016.

There were no further post balance sheet events to report.

By order of the Board



J S BELFRAGE

Director

Springfield House
Sandling Road
Maidstone
Kent
ME14 2LP

15 September 2016

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

REPORT OF THE DIRECTORS

Results and Dividends

The profit for the year for the group, after taxation and non-controlling interests, was £206,786 (2015 = £224,270).

Dividends of £64,000 were paid in the previous period on the ordinary share capital and dividends of £94,800 were paid during this year.

The directors who served during the year were as shown on page 2.

The directors confirm that they have disclosed all relevant audit information to the auditors as required by the Companies Act 2006 s418. The detail of these requirements are included in the Directors' Responsibilities on page 6.

Future Developments

The group wish to develop and expand the existing business and where possible explore new niche products to complement existing markets or replace those reducing in volume. The group endeavour to maintain existing business relationships and explore new opportunities where possible to keep informed of developments in the market.

Directors' Interests

Details of directors' interests in the shares of the company at the beginning and end of the period were as follows:

	31 May 2016	1 June 2015
	Number	Number
Mrs J S Belfrage	26	50
Mr M J Donnelly	26	50
	<hr/> <hr/>	<hr/> <hr/>

Auditor

A resolution to re-appoint Moore Stephens LLP as auditor will be proposed at the Annual General Meeting.

By order of the Board



J S BELFRAGE

Director

Springfield House
Sandling Road
Maidstone
Kent
ME14 2LP

15 September 2016

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 company and the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as the directors are aware;

- there is no relevant audit information of which the group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHEMICALS AND FEEDS (HOLDINGS) LIMITED

We have audited the financial statements of Chemicals and Feeds (Holdings) Limited for the year ended 31 May 2016 which are set out on pages 9 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2016 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHEMICALS AND
FEEDS (HOLDINGS) LIMITED**

Matters on which we are required to report by exception

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.

Moore Stephens LLP

Philip Clark, Senior Statutory Auditor

**for and on behalf of MOORE STEPHENS LLP
Chartered Accountants and Statutory Auditor**

LONDON

16 September 2016

CHEMICALS AND FEEDS (HOLDINGS) LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****Year Ended 31 May 2016**

	Note	2016 £	2015 £
TURNOVER - Continuing operations	4	10,296,142	11,409,822
Change in stocks		(149,243)	(1,280,923)
		<u>10,146,899</u>	<u>10,128,899</u>
Raw materials and consumables		(9,536,916)	(9,430,874)
Staff costs	5	(68,800)	(69,013)
Depreciation	10	(6,312)	(9,250)
Amortisation	10	(2,736)	(2,736)
Other operating charges		(98,953)	(120,522)
		<u>433,182</u>	<u>496,504</u>
OPERATING PROFIT - Continuing Operations	6	433,182	496,504
Interest payable and similar charges	7	(32,869)	(61,699)
		<u>400,313</u>	<u>434,805</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		400,313	434,805
Taxation	8	(83,264)	(86,605)
		<u>317,049</u>	<u>348,200</u>
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		<u>317,049</u>	<u>348,200</u>
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Non-controlling interests		110,263	123,930
Owners of the parent company		206,786	224,270
		<u>317,049</u>	<u>348,200</u>

None of the group activities were acquired or discontinued during the above two financial years.

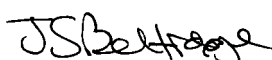
CHEMICALS AND FEEDS (HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEET

As at 31 May 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Goodwill	10	5,246	7,982
Tangible assets	10	15,461	20,327
		<u>20,707</u>	<u>28,309</u>
CURRENT ASSETS			
Stocks	12	815,231	964,474
Debtors	13	1,158,872	1,108,069
Cash at bank and in hand		373,681	733,747
		<u>2,347,784</u>	<u>2,806,290</u>
CREDITORS:			
Amounts falling due within one year	14	1,219,708	1,634,008
NET CURRENT ASSETS		<u>1,128,076</u>	<u>1,172,282</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,148,783</u>	<u>1,200,591</u>
Creditor greater than one year	15	90,908	280,498
Deferred Tax	16	(1,612)	(2,440)
		<u>1,059,487</u>	<u>922,533</u>
 CAPITAL AND RESERVES			
Called up share capital		100	100
Share premium account		-	39,900
Retained earnings		<u>452,138</u>	<u>340,152</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		<u>452,238</u>	<u>380,152</u>
Non-controlling interests		607,249	542,381
		<u>1,059,487</u>	<u>922,533</u>

The financial statements were approved by the board and authorised for issue on 15 September 2016 and were signed on its behalf by:-



J S Belfrage
Director

Company Registration Number: 08365337



M J Donnelly
Director

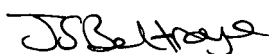
CHEMICALS AND FEEDS (HOLDINGS) LIMITED

COMPANY BALANCE SHEET

As at 31 May 2016

	Note	The Company 2016 £	2015 £
FIXED ASSETS			
Investments	11	849,664	849,664
		<u>849,664</u>	<u>849,664</u>
CURRENT ASSETS			
Debtors	13	-	-
Cash at bank and in hand		86,515	77,145
		<u>86,515</u>	<u>77,145</u>
CREDITORS:			
Amounts falling due within one year	14	61,990	181,950
NET CURRENT LIABILITIES		<u>24,525</u>	<u>(104,805)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>874,189</u>	<u>744,859</u>
Creditor greater than one year	15	-	225,906
Deferred Tax	16	-	-
		<u>874,189</u>	<u>518,953</u>
CAPITAL AND RESERVES			
Called up share capital		100	100
Share premium account		-	39,900
Retained earnings		<u>874,089</u>	<u>478,953</u>
EQUITY SHAREHOLDERS FUNDS		<u>874,189</u>	<u>518,953</u>

The financial statements were approved by the board and authorised for issue on 15 September 2016 and were signed on its behalf by:-



J S Belfrage
Director
Company Registration Number: 08365337



M J Donnelly
Director

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 May 2016

	Called up share capital	Share premium account	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total
	£	£	£	£	£	£
At 1 June 2014	100	39,900	196,041	236,041	462,345	698,386
Total comprehensive income for the year	-	-	224,270	224,270	123,930	348,200
Dividends	-	-	(64,000)	(64,000)	(36,171)	(100,171)
Share of additional pre-acquisition reserves	-	-	(16,159)	(16,159)	(7,723)	(23,882)
At 1 June 2015	100	39,900	340,152	380,152	542,381	922,533
Total comprehensive income for the year	-	-	206,786	206,786	110,263	317,049
Cancellation of share premium account	-	(39,900)	-	(39,900)	-	(39,900)
Dividends	-	-	(94,800)	(94,800)	(45,395)	(140,195)
At 31 May 2016	100	-	452,138	452,238	607,249	1,059,487

Called up share capital - this reserve records the nominal value received for shares sold. There were 100 Ordinary shares issued and fully paid at the beginning and the end of the year, with a par value of £1 per share. The Ordinary shares have attached to them full voting, dividends and capital distribution (including on winding up) rights.

Share premium account - this reserve records the amount above the nominal value received for shares sold, less transaction costs.

Retained earnings - this reserve records retained earnings and accumulated losses.

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

As at 31 May 2016

	Called up share capital £	Share premium account	Retained earnings £	Total £
At 1 June 2014	100	39,900	293,921	333,921
Total comprehensive income for the year	-	-	249,032	249,032
Dividends	-	-	(64,000)	(64,000)
At 1 June 2015	100	39,900	478,953	518,953
Total comprehensive income for the year	-	-	489,936	489,936
Cancellation of share premium account	-	(39,900)	-	(39,900)
Dividends	-	-	(94,800)	(94,800)
At 31 May 2016	100	-	874,089	874,189

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 May 2016

	2016 £	2015 £
Cash flows from operating activities		
Cash generated from operations (Note A)	703,773	1,446,580
Interest paid	(32,869)	(61,698)
Income tax paid	(92,752)	(70,182)
Net cash generated from operating activities	<u>578,152</u>	<u>1,314,700</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,446)	-
Receipt from sale of tangible fixed asset	2,750	-
Net cash generated from investing activities	<u>1,304</u>	<u>-</u>
Cash flows from financing activities		
Repayments of borrowings	(856,442)	(775,575)
Dividends paid to company's shareholders	(74,000)	(64,000)
Dividends paid to non-controlling interests	(9,080)	(7,236)
Net cash used in financing activities	<u>(939,522)</u>	<u>(846,811)</u>
 Net (Decrease) / Increase in cash and cash equivalents	 <u>(360,066)</u>	 <u>467,889</u>
 Cash and cash equivalents at beginning of the year	 733,747	 265,858
Cash and cash equivalents at end of the year	<u>373,681</u>	<u>733,747</u>
<u>NOTE A - Cash generated from operations</u>		
Profit before tax	400,313	434,805
<i>Adjustments for:</i>		
Profit on disposal of fixed asset	(2,750)	-
Depreciation charges	6,312	9,250
Amortisation	2,736	2,736
Interest payable	32,869	61,698
<i>Changes in working capital:</i>		
Decrease in stocks	149,243	1,280,923
(Increase) / decrease in debtors	(50,803)	57,058
Increase / (decrease) in creditors	165,853	(399,890)
Cash generated from operations	<u>703,773</u>	<u>1,446,580</u>

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

COMPANY STATEMENT OF CASH FLOWS

Year Ended 31 May 2016

	2016 £	2015 £
Cash flows from operating activities		
Cash used in operations (Note A)	(4,029)	(4,269)
Interest paid	(17,075)	(28,580)
Net cash used in operating activities	<u>(21,104)</u>	<u>(32,849)</u>
Cash flows from investing activities		
Dividends received from subsidiary	511,105	281,305
Net cash generated from investing activities	<u>511,105</u>	<u>281,305</u>
Cash flows from financing activities		
Repayments of borrowings	(406,631)	(180,724)
Dividends paid to company's shareholders	(74,000)	(64,000)
Net cash used in financing activities	<u>(480,631)</u>	<u>(244,724)</u>
 Net increase in cash and cash equivalents	 <u>9,370</u>	 <u>3,732</u>
 Cash and cash equivalents at beginning of the year	 77,145	 73,413
Cash and cash equivalents at end of the year	<u>86,515</u>	<u>77,145</u>
 <u>NOTE A - Cash used in operations</u>		
Profit before tax	489,936	249,032
<i>Adjustments for:</i>		
Dividends received from subsidiary	(511,105)	(281,305)
Interest payable	17,075	28,580
<i>Changes in working capital:</i>		
Increase / (decrease) in creditors	65	(576)
Cash used in operations	<u>(4,029)</u>	<u>(4,269)</u>

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 May 2016

1. Accounting policies

a) Statement of compliance

These consolidated financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the group's transactions are denominated. They comprise the financial statements of the group for the year ended 31 May 2016.

The company is a United Kingdom company limited by shares. It is both incorporated and domiciled in England. The address of its registered office is detailed on page 2. The nature of the group's operations and its principal activities are set out in the Strategic Report on page 4.

b) Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

Basis of preparation

Before 2016 the financial statements were prepared in accordance with UK GAAP applicable prior to the adoption of FRS 102, as issued by the Financial Reporting Council, and referred to below as 'previous UK GAAP'. The group transitioned from previous UK GAAP to FRS 102 as at 1 June 2014. Details of how FRS 102 has affected the reported financial position and financial performance are set out in note 20.

The financial statements have been prepared under the historical cost basis.

Consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertaking. These are adjusted, where appropriate, to conform to group accounting policies.

As a Consolidated Statement of Comprehensive Income is published, a separate statement for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Going concern

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future with improved cash flow, banking facilities and strong customer base. As such they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Fixed assets

Depreciation is provided on fixed assets at the following annual rates:

Motor Vehicles	20% on cost
Office furniture and equipment	25% on cost

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 May 2016

Operating leases

Rentals payable under operating leases are charged in the retained earnings as they are incurred.

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the group operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

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

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Financial instruments

Financial instruments are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

i. Financial assets

The group's financial assets comprise basic financial instruments, being trade and other receivables and cash and bank balances.

Trade and other debtors are measured at transaction price less any impairment. Any impairment loss is recognised in the statement of comprehensive income.

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

Financial assets are derecognised when contractual rights to the cash flows from the financial asset expire or are settled, or when substantially all the risks and rewards of ownership have been transferred.

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 May 2016

Financial instruments, continued

ii. Financial liabilities

The group's financial liabilities comprise basic financial liabilities, being trade and other creditors. These are initially recognised at transaction price and are measured subsequently at amortised cost.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii. Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and short term deposits with original maturities of three months or less and that are subject to an insignificant risk of changes in value. The invoice discounting balance is also included when the facility is in surplus funds.

Stock

Stocks are valued at the lower of cost and net realisable value, being consistent with the previous year; using the first in first out method.

Foreign currencies

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

In accordance with FRS 102, the year end balances should be recognised at the year end spot rate.

The directors have not accounted for the year end balances in accordance with FRS 102 as they consider the effect to be immaterial.

Transactions are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment in the parent company financial statements.

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 May 2016

Goodwill

Goodwill on acquisition of the investment in Chemicals and Feeds Ltd was calculated as £13,682. This amount is being amortised on a straight line basis of 20% per annum.

The purchase of the investment in Chemicals and Feeds Ltd was originally scheduled for repayment by instalments over approximately a five year term, therefore it was considered appropriate to amortise goodwill over the same period.

Derivative instruments

In order to manage its exposure to certain foreign exchange risks, predominantly between the GBP and the EUR and the USD, the company enters into forward contracts.

The derivative financial instruments have not been recognised in the accounts.

In accordance with FRS 102, the derivative financial instruments should be recognised at fair value on the date on which the contract is entered into and then subsequently measured at fair value through profit or loss.

The directors have not accounted for derivative financial instruments in accordance with FRS 102 as they consider these to be immaterial.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 1, management are required to make judgements, estimates and assumptions which affect the amounts reported for assets and liabilities as at the year end date and the amounts reported for revenues and expenses during the year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. However, the nature of the estimation means that actual outcomes could differ from these estimates.

Critical accounting estimates and assumptions

Depreciation and residual values

The directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that the asset lives and residual values are appropriate.

Stock provision

Provision is made against slow-moving and discontinued stock for which the net realisable value is estimated to be less than the cost. Stock which is provided for is identified as such. The actual realisable value of this stock may differ materially from the estimated value on which the provision is based.

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 May 2016

3. Financial risk management

Management have overall responsibility for the establishment and oversight of the group's risk management framework. The Directors are responsible for developing and monitoring group's risk management strategy and policies. There have been no changes to the group's exposures and risks or methods used to measure and manage these risk during the year.

The group seeks to minimise these risks as detailed below:

Credit risk

The group's exposure to credit risk arises from its cash balance and debtors.

Cash balances are held at highly rated banking institutions in the UK. Debtors at the date of the balance sheet relate to trade debtors and prepayments.

The group may offer credit terms to its customers which allow payment of the debt after delivery of the goods. The group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is managed and mitigated by the policies and procedures in place and the strong on-going customer relationships.

The maximum exposure to credit risk is equal to the amounts at which the assets are included on the balance sheet.

Liquidity risk

The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the group has credit facilities available. The group is in position to meet its commitments and obligations as they come due.

Foreign exchange transactional currency exposure

The group is exposed to currency exchange rate risk due to a proportion of its trade creditors being denominated in non-Sterling currencies. The net exposure of each currency is monitored and managed by the purchase of currency options and use of import loans.

Market risk

The Directors consider the main market risk would be fluctuations in currency and commodity prices; combined with sourcing of products which are affected by quotas and harvesting seasons.

The Directors do not feel the group is exposed to any other significant financial risk.

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 May 2016

4. Turnover

Turnover represents net amounts receivable from outside customers of the group after deducting all discounts and excluding VAT. Turnover for the period is wholly derived from feeding stuffs. Separate geographical segmental analysis of turnover is not presented as in the opinion of the directors this would be prejudicial to the company's interests.

5. Staff costs

Employees

The average weekly number of employees in the group (including directors) during the year was as follows:

	2016 Number	2015 Number
Office and management	3	3
	<u>3</u>	<u>3</u>

Staff costs (including directors) during the year amounted to:

	£	£
Wages and salaries	67,145	67,435
Social security costs	1,655	1,578
	<u>68,800</u>	<u>69,013</u>

Directors' Emoluments

Directors' remuneration	<u>39,254</u>	<u>53,110</u>
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6. Operating profit

	2016 £	2015 £
This is stated after charging:		
Auditor's remuneration	8,510	9,400
Operating lease payments	14,880	14,248
- office accommodation		
- storage shed	13,125	17,500
Exchange (profit) / loss	<u>(16,706)</u>	<u>3,358</u>

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 May 2016

7. Interest payable and similar charges

	2016	2015
	£	£
Bank and other loans wholly repayable within 5 years	2	713
Preference Shares	4,165	2,340
Loan from director (note 14)	1,040	4,125
Import Loans (note 14)	10,587	25,940
Loan notes	17,075	28,581
	<u>32,869</u>	<u>61,699</u>

8. Tax on profit on ordinary activities

	2016	2015
	£	£
8 (a) Analysis of charge for the year		
Current Tax		
UK corporation tax on profits of the year	82,436	92,752
Adjustment in respect of prior periods	-	(5,726)
Total current tax charge	<u>82,436</u>	<u>87,026</u>
Deferred tax		
Origination and reversal of timing differences	828	(421)
Effect of increased tax rate on opening balance	-	-
Tax on profit on ordinary activities (note 8 (b))	<u>83,264</u>	<u>86,605</u>
8 (b) Reconciliation of tax charge		
Profit on ordinary activities before tax	<u>424,218</u>	<u>469,815</u>
Tax on profit on ordinary activities at standard CT rate of 20% (PY 21%)	84,844	97,874
Effects of:		
Expenses not deductible for tax purposes	2,175	1,788
Group relief surrendered	(3,934)	(6,722)
Tax credits	-	2
Marginal relief	-	(629)
Adjustment to tax charge in respect of previous periods	-	(5,726)
Adjustment closing deferred tax to average rate of 20%	179	102
Adjust opening deferred tax to average rate of 20%	-	(84)
Current tax charge for year (note 8 (a))	<u>83,264</u>	<u>86,605</u>
8 (c) Provision for deferred tax		
Accelerated capital allowances	828	(421)
Provision for deferred tax	<u>828</u>	<u>(421)</u>
Movement in provision:		
Provision at start of period	(2,440)	(2,019)
Deferred tax charge in the Statement of Comprehensive Income for the year (note 8 (a))	828	(421)
Provision at end of year	<u>(1,612)</u>	<u>(2,440)</u>

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 May 2016

9. Dividends to equity shareholders

	Group and Company	
	2016	2015
	£	£
Ordinary Share Capital	94,800	64,000
Net dividends paid	<u>94,800</u>	<u>64,000</u>

10. Fixed assets

**GOODWILL
THE GROUP**

Cost	
At 1 June 2015 & 31 May 2016	<u>13,682</u>
Amortisation	
At 1 June 2016	5,700
Charge for the year	2,736
At 31 May 2016	<u>8,436</u>
Net Book Value	
At 31 May 2016	<u>5,246</u>

TANGIBLE FIXED ASSETS

THE GROUP	Motor Vehicles £	Furniture & Equipment £	Total £
Cost			
At 1 June 2015	47,911	30,121	78,032
Disposal of fixed asset	(18,295)	-	(18,295)
Addition of fixed assets	-	1,446	1,446
At 31 May 2016	<u>29,616</u>	<u>31,567</u>	<u>61,183</u>
Depreciation			
At 1 June 2015	28,167	29,539	57,705
Charge for the year	5,923	389	6,312
Eliminated on disposal	(18,295)	-	(18,295)
At 31 May 2016	<u>15,795</u>	<u>29,928</u>	<u>45,722</u>
Net Book Value			
At 31 May 2016	<u>13,821</u>	<u>1,639</u>	<u>15,461</u>
THE COMPANY	£	£	£
	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 May 2016

11. Investments

THE GROUP

Subsidiary undertakings:

None

THE COMPANY

**2016
£**

Cost

At 1 June 2015 & 31 May 2016

849,664

Subsidiary undertakings:

	<i>Country of incorporation</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Chemicals and Feeds Ltd	England	Ordinary Shares "A" Share	67.66% 100%	Trading in feeding stuffs

12. Stocks

	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
Finished goods	815,231	-	964,474	-
	<u>815,231</u>	<u>-</u>	<u>964,474</u>	<u>-</u>

Stock recognised in raw materials and consumables during the year as an expense was £9,392,865 (2015: £9,258,867); the difference to the total charge recognised in the Statement of Comprehensive Income relates to haulage and other related costs.

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 May 2016

13. Debtors

	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
Trade debtors	1,080,434	-	1,017,266	-
Prepayments	78,438	-	90,803	-
	<u>1,158,872</u>	<u>-</u>	<u>1,108,069</u>	<u>-</u>

14. Creditors; amounts falling due within one year

	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
Trade creditors	889,937	-	735,820	-
Corporation Tax	82,436	-	92,752	-
Other creditors	19,980	-	30,443	-
Accruals	39,193	1,290	16,995	1,225
	<u>1,031,546</u>	<u>1,290</u>	<u>876,010</u>	<u>1,225</u>
Unsecured loans	-	-	75,000	-
Import loans	127,462	-	502,273	-
Loan notes	-	-	180,725	180,725
Director loans	60,700	60,700	-	-
	<u>1,219,708</u>	<u>61,990</u>	<u>1,634,008</u>	<u>181,950</u>

The import loans represents advances received in relation to certain stock purchases; loans are repayable in 110 days and interest charged at a rate of 3.5% over the base rate of the currency concerned. The import loans are secured by a fixed and floating charge over the assets of the company and charge over contract monies.

Invoice finance is secured by a fixed and floating charge over the trade debts of the company.

The unsecured loan, from Mr A E Hodgson a director of the subsidiary company, (2015 = £75,000) was repaid on 31 August 2015.

CHEMICALS AND FEEDS (HOLDINGS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****Year Ended 31 May 2016****15. Creditors; amounts falling due after more than one year**

	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
Loan notes	-	-	225,906	225,906
Preference shares	90,908	-	54,592	-
	<u>90,908</u>	<u>-</u>	<u>280,498</u>	<u>225,906</u>

The loan notes represent consideration for the purchase of shares in Chemicals and Feeds Limited, and repaid by instalments on fixed quarterly dates. The loan note repayment schedule was accelerated during the year

The loan notes attracted an interest rate of 5.50% per annum on the balance outstanding.

During the year 36,316 preference shares were issued at £1 per share. The 5.5% preference shares are classified as a financial liability and do not carry any voting rights. Shareholders are entitled to receive a return of 5.5% per annum on the par value of these shares subject to the distributable profit of the company for that year enabling such payment.

16. Deferred taxation

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2016 £	2015 £
Excess of taxation allowances over depreciation on fixed assets (note 8 (c))	(1,612)	(2,440)
	<u>(1,612)</u>	<u>(2,440)</u>

CHEMICALS AND FEEDS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 May 2016

17. Financial commitments

At 31 May 2016 the group had annual commitments under property leases as follows:

	2016 £	2015 £
Within 1 year	14,380	14,880
2 - 5 years	13,182	41,942
	<u>27,562</u>	<u>56,822</u>

18. Ultimate controlling party

J S Belfrage and M J Donnelly are the ultimate controlling parties as majority shareholders and directors of the company.

19. Post balance sheet events

On 31 August 2016, 25,657 preference shares were redeemed in accordance with the Articles of Association of the subsidiary company; the redemption value of these shares was £25,657.

20. First time adoption of FRS 102

In accordance with FRS 102 derivative financial instruments should be recognised at fair value on the date on which the contract is entered into and then subsequently measured at fair value through profit or loss. Associated assets or liabilities should be recognised at the year end spot rate.

The directors have not accounted for derivative financial instruments or associated assets or liabilities in accordance with FRS 102 as they consider the effects to be immaterial.

As a result, the policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

The Company transitioned to FRS 102, previously UK GAAP, as at 1 June 2014. Accounts prepared to 31 May 2015 were prepared under previous UK GAAP.
