

Company Registration No. 01248371 (England and Wales)

INDUSTRIAL CHEMICALS GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

WEDNESDAY



A5GHAFIW

A21

28/09/2016

#420

COMPANIES HOUSE

INDUSTRIAL CHEMICALS GROUP LIMITED

COMPANY INFORMATION

Directors	A R Carver C D Carver J W Carver E Strang
Secretary	BJ Lowthian
Company number	01248371
Registered office	Titan Works Hogg Lane Grays Essex RM17 5DU
Auditors	Rickard Luckin Limited Aquila House Waterloo Lane Chelmsford Essex CM1 1BN
Bankers	Lloyds Bank Plc 34 High Street Grays Essex RM17 6LX

INDUSTRIAL CHEMICALS GROUP LIMITED

CONTENTS

	Page
Strategic report	1 - 5
Directors' report	6 - 9
Independent auditor's report	10 - 11
Profit and loss account	12
Consolidated statement of comprehensive income	13
Group balance sheet	14
Company balance sheet	15
Group statement of changes in equity	16
Company statement of changes in equity	17
Consolidated statement of cash flows	18
Notes to the financial statements	19 - 51

INDUSTRIAL CHEMICALS GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present the strategic report and financial statements for the year ended 31 December 2015.

Fair review of the business

The Group is a manufacturer and trader of industrial chemicals. Currently employing 405 people and headquartered in Grays, Essex, with additional production facilities across the UK in West Thurrock, Newcastle, Runcorn, Port Clarence, Scunthorpe, Selby and Widnes. The company also has a production facility in Louisiana in the USA.

The Group has both bulk manufacturing and packaged products capabilities, servicing a diverse customer base with many household names, from various sectors, including agriculture, water utilities, steel production, energy utilities, pharmaceuticals and homecare products.

The Group can support the most demanding of requirements, providing specific tailored chemical solutions including grinding, milling, filtration, spray drying and also operates one of largest private specialist distribution fleets in the UK Chemicals sector.

Review of the Business

The Board of Directors are pleased to report a very successful 2015 for the company.

Against a backdrop of challenging UK market trading conditions, we have managed to grow turnover to £96.2m, representing a 5.1% increase on 2014 and also improved Gross Profit of £39.5m (41.1% of sales). The majority of this Gross Profit improvement was driven by lower material production costs, with the additional Ferric Sulphate production and the full year benefit of our Chlor Alkali production (both located at West Thurrock) accounting for the majority of the improvement within the year.

Operating Profit increased for the year by 33.3% to £4.5m. However, administrative expenses increased due to several key factors. Higher Rates charges for several of the sites across the UK. The decision to write off a bad debt of £324K (inc VAT), from February 2015 and additional 2015 salaries from recruitment and general wage increases, as a result of the Group continuing to train and recruit people across all of its UK operations. The continued investment in our staff is expected to drive our continued growth strategy and incremental profit return through 2016.

The Group was awarded a number of major long term contracts through the year and was successful in being awarded the supply agreement under the first joint UK water utilities contract. We also successfully retained our contracts with a number of major existing customers, whilst also extending our offering of packed products into these same businesses.

The packed division continued to grow rapidly both at West Thurrock and Selby, as we continued our investment, adding vehicles, staff and capacity into this key division of our business. All of which went to underpin our performance for 2015 and provides a strong base for the budget of 2016.

Lloyds Banking Group provided additional funding facility of £7m, for expansion of the Chlor Alkali plant. The first instalment of this facility was received on the 28 October 2015, with the receipt of an initial £4m of the package, with further drawdowns on a monthly basis of £500K until fully drawn in June 2016. This funding will allow us to increase capacity of one of our key production plants and improve incremental return on the total investment.

The directors would like to take the opportunity to thank Lloyds Banking Group for their continued support through 2015.

INDUSTRIAL CHEMICALS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Principal risk factors

In addition to the factors described elsewhere in this Annual Report, the following are the most significant known factors, risk and uncertainties that could cause actual results to differ materially from those expected in the Boards of Directors outlook for 2016.

Economic, political and trade uncertainty

The Group's operating results were affected by the impact of the last global recession, including the credit market crisis, declining consumer and business confidence, fluctuating commodity prices, volatile exchange rates and other challenges that affected the global economy.

The continued deterioration of the global economy and financial markets and uncertainty over timing and extent of the recovery could affect the Group's results, financial condition and cash flows. In addition, the Group's ability to access the credit and capital markets under attractive rates and terms would be affected, which would negatively impact on the Group's liquidity and our ability to pursue certain growth initiatives.

The Group prepares strategic plans to review demand in existing markets and potential new opportunities on a regular basis, responding rapidly to changing market conditions, taking necessary mitigating actions where required and using appropriate bank and alternative hedging facilities where applicable to ensure we adapt to any economic conditions.

Loss or financial weakness of any of the Group's largest customers

Although the Group has an extensive customer base, loss of, or material financial weakness of, certain of our largest customers could adversely affect the Group's financial condition and results until such business is replaced. No assurance can be made that the Group would be able to regain or replace any lost customers.

The Group supplies predominantly well-established diverse customer markets on long term contracts, coupled with long term suppliers and a wide portfolio of products, which aids to mitigate this risk. The Group strategy remains to expand our customer portfolio further and secure long term contracts where possible.

Failure to keep pace with technological change

Failure to keep pace with changes within the highly competitive markets, in which the Group operates could result in a lack of competitive products or processes and could result in erosion of margin and loss of market share.

The Group continues the innovation of its existing product portfolio, supporting the current customer base, to ensure the product range remains compliant with legislation and cost effective for all stakeholders. Coupled with further investment into research and development in all areas of the business, from new products, processes and services to maximise the return for all stakeholders.

The Group is also investing heavily into its business systems staff and infrastructure, to ensure that we remain at the forefront of this vital business resource.

Major information technology systems failure

The Group uses a wide variety of complex IT systems in operational and supporting activities. Failure of more than one of the major systems over an extended period could impact on the ability to manufacture or to report operational performance, ultimately impacting on the Group's profitability.

The Group continuously reviews IT infrastructure and the network environment, to ensure that it has an appropriate robust IT disaster recovery and general business continuity plan. These plans are regularly reviewed and tested, ensuring the continuation of the business systems in the most extreme of circumstances.

INDUSTRIAL CHEMICALS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Failure of significant sites

Whilst the Group operates from a variety of locations, certain sites are critical due to their scale of specific nature of production activities. Failure of a critical site could significantly impact overall performance.

Business continuity plans include consideration and testing of circumstances in which alternative back up locations may be required. Where possible the Group has replicated significant manufacturing processes across its operations to continue market supply. The Company has also invested in inventory of critical plant and machinery replacements units to further mitigate risk.

Our people

At Industrial Chemicals, people, more than any other factor, make the group special. Investing in their development without doubt is one of the key investments that we can make in the future of our business.

Our performance in Health and Safety has been dramatically enhanced within the last couple of years. We will continue to build on the good work achieved as we move into 2016.

The outlook 2016

Looking at the remaining months of 2016, we recognise that it will be a year fraught with significant challenges for the World economy and specifically UK manufacturing.

We have seen the outcome of the EU Referendum vote, and the dramatic immediate impact. Exposing the distance between the EU and UK, coupled with the likely wrangling over the technicalities of the UK withdrawal and the arguments to come over a future EU-UK settlement, threatening to undermine the Global recovery and business confidence.

UK manufacturers continue to face much higher energy costs than European counterparts, with the UK Government's taxes for the Carbon Price Floor and the Renewables Obligation, energy costs for producing in the UK are circa 25 per cent more than they would be in Germany and up to 50 per cent more than they would be in France.

The UK Government announced its intention to introduce a tax rebate for energy intensive industries to compensate them for high-energy costs. It was to be introduced in 2013 and would be worth £250 million to the affected businesses. This proposal conflicted with EU rules about state aid and this debate concluded only recently. We are currently preparing an application for submission, but this will require final acceptance by the Government.

We are also expecting to see an imminent rise in the cost of diesel across the UK, with some wholesalers quoting five-to-six pence per litre rises, as oil companies are compensated by the Government for the value drop in Sterling as a result of the EU Referendum vote. This will impact on every haulage company and wider UK business.

This highlights some of the turbulent headwinds that face the Global economy, but the Board of Directors firmly believe we approach this challenging time with confidence.

We have the benefit of several new long term major contracts and also with our existing portfolio providing a solid foundation to our budget for 2016. We will continue to drive efficiencies in our new Ferric operations at West Thurrock and across all of our UK operations. We will see the additional capacity from our Chlor Alkali plant come on stream in the late 2016, further driving down operational costs across a number of key product lines.

We will continue to invest in our UK manufacturing capability, adding projects and strategic acquisitions as they present themselves. Our staff continue to drive for productivity and value for money across all of our operations. The fundamentals of our business are strong. We have a solid portfolio of products, an industry-leading pipeline and see an opportunity for us not just to withstand this economic downturn, but to continue growing despite it.

On behalf of the Board of Directors, I would like to take this opportunity to thank our employees for their considerable commitment and our customers, suppliers and business partners for the trust they place in us and our strong working relationship.

INDUSTRIAL CHEMICALS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Key performance indicators

Sales and Gross Profit growth per annum

	2013	2014	2015
Turnover £	93,934,960 (100%)	91,541,932 (97%)	96,191,998 (102%)
Gross Profit £	36,095,846 (38%)	36,609,373 (40%)	39,501,658 (41%)

Turnover by geographical region

	2013	2014	2015
United Kingdom £	80,579,275 (100%)	79,814,398 (99%)	84,412,312 (105%)
European Union £	9,031,195 (100%)	7,976,183 (88%)	8,418,714 (93%)
Rest of World £	4,324,490 (100%)	3,751,351 (87%)	3,360,972 (78%)
Total £	93,934,960 (100%)	91,541,932 (97%)	96,191,998 (102%)

Stocks and debtors profile

	2013	2014	2015
Raw materials £	2,030,708 (100%)	2,032,276 (100%)	1,884,582 (93%)
Finished goods £	1,854,936 (100%)	2,819,425 (152%)	2,683,836 (145%)
Trade Debtors £	11,783,796 (100%)	11,304,203 (96%)	11,726,364 (100%)
Debtor Days (DSO)	46	45	44

Other information and explanations

Post balance sheet events

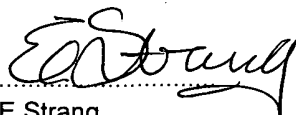
On 1st July 2016 Industrial Chemicals Group Limited acquired two additional sites from Koppers UK Limited. The sites in Port Clarence and Scunthorpe provide scope for accelerated growth and development. Both sites have chemical industry background and established infrastructure. In addition, the Company secured two leases and two service agreements which provide an immediate yield from this acquisition, with significant scope for the future.

INDUSTRIAL CHEMICALS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

On behalf of the board



E Strang

Director

26/9/16

INDUSTRIAL CHEMICALS GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

Directors

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

A R Carver
C D Carver
J W Carver
E Strang

Results and dividends

The results for the year are set out on page 12.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors' insurance

The group maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the group.

Financial instruments

Treasury operations and financial instruments

The group operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the group's activities.

The group manages currency risks and interest rate risks arising from the group's activities, and bank overdrafts and loans, the main purpose of which is to raise finance for the group's operations. In addition, the group has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations. Derivative transactions which the company enters into principally comprise forward exchange contracts. In accordance with the group's treasury policy, derivative instruments are not entered into for speculative purposes.

Liquidity risk

The group's policy is to ensure continuity through effective management of its current assets and liabilities, plus an appropriate asset backed financial package from a leading UK bank.

The group does not have material exposures in any of the areas identified above.

Interest rate risk

The group is exposed to fair value interest rate risk on its borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The group uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

INDUSTRIAL CHEMICALS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Foreign currency risk

The group has an exposure to foreign currencies due to selling and purchasing some of its products in currencies other than sterling. The risk is reduced through the use of forward currency contracts and through quarterly price review mechanisms. The Directors do not consider this to be a material risk.

Credit risk

The group's credit risk is primarily attributable to its trade debtors. This risk is minimised by the number of long established customers, including fortune 500 and utility companies and an emphasis on good credit management throughout the group.

The group does not have material exposures in any of the areas identified above.

Research and development

The group is engaged in several programmes of research and development in support of the products and services that it provides to its existing customer base and also in development of new products and services to continue its growth.

Environment and legislation

The Directors are pleased to report that the group's operations are conducted such that it complies with all legal requirements and especially those relating to the environment.

Recent European legislation and compliance with industry benchmark systems, including REACH, will continue to impact upon the group. The directors are fully committed to meet these requirements.

Disabled persons

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group policy where practicable, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

INDUSTRIAL CHEMICALS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Employee involvement

Diversity

The group practice equal opportunities and welcome diversity in all its forms, recognising the value of diversity in the workplace and its rewards of encouraging creativity, broader cultural understanding and access to a wider pool of talent.

Employee engagement

Employee engagement is about making sure that our people feel involved in the company and are committed to its goals. If we are to keep them engaged, communication must be two way with a culture that encourages employee feedback.

To this end the group communicates with employees by a number of means including meetings, announcements and electronic media to further understanding and engagement in the group's overall goals and objectives.

Employee training and development

The group's success in developing people is based on finding the right blend of learning on the job, through engaging and challenging tasks, learning from colleagues through collaboration, coaching and mentoring, and formal learning through structured training, education and development programmes.

The group will continue to develop and promote what it considers the right combination of learning experiences that help accelerate personal development. Each company in the group continues to provide tailored initiatives to meet their business needs, including financial training programmes (ACMA, AAT), health and safety training, leadership skills, technical training and apprenticeships.

The group remains committed to providing opportunities for career advancement. In some areas the group has recruited from external markets, as a result of specific skills requirements such as IT or CAD design for example.

Auditors

Rickard Luckin Limited were appointed auditors to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 of 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;
- 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 will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's 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.

INDUSTRIAL CHEMICALS GROUP LIMITED

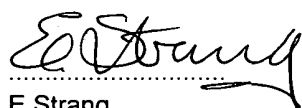
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Statement of disclosure to auditors

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 company's auditors are 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 company's auditors are aware of that information.

On behalf of the board



E Strang

Director

26/9/16

INDUSTRIAL CHEMICALS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INDUSTRIAL CHEMICALS GROUP LIMITED

We have audited the financial statements of Industrial Chemicals Group Limited for the year ended 31 December 2015 set out on pages 12 to 51. 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 Financial Reporting Standard 102.

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 pages 6 - 9, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 December 2015 and of its 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.

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.

INDUSTRIAL CHEMICALS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INDUSTRIAL CHEMICALS GROUP 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.

Janis Osborne (Senior Statutory Auditor)
for and on behalf of Rickard Luckin Limited

27 September 2016

Chartered Accountants
Statutory Auditor

Aquila House
Waterloo Lane
Chelmsford
Essex
CM1 1BN

INDUSTRIAL CHEMICALS GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2015

		2015	2014
	Notes	£	as restated £
Turnover	3	96,191,998	91,541,932
Cost of sales		(56,690,340)	(54,932,559)
Gross profit		39,501,658	36,609,373
Distribution costs		(14,684,222)	(14,231,156)
Administrative expenses		(20,763,151)	(19,120,421)
Exceptional item	4	500,546	156,704
Operating profit	5	4,554,831	3,414,500
Interest receivable and similar income	9	180,092	8,733
Interest payable and similar charges	10	(1,026,256)	(1,293,267)
Profit before taxation		3,708,667	2,129,966
Taxation	11	(680,954)	(101,451)
Profit for the financial year	28	3,027,713	2,028,515

The profit and loss account has been prepared on the basis that all operations are continuing operations.

INDUSTRIAL CHEMICALS GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	£	as restated £
Profit for the year	3,027,713	2,028,515
	<u> </u>	<u> </u>
Other comprehensive income		
Currency translation differences	(280,174)	(275,611)
Tax relating to other comprehensive income	228,700	168,650
	<u> </u>	<u> </u>
Other comprehensive income for the year	(51,474)	(106,961)
	<u> </u>	<u> </u>
Total comprehensive income for the year	2,976,239	1,921,554
	<u> </u>	<u> </u>

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

INDUSTRIAL CHEMICALS GROUP LIMITED

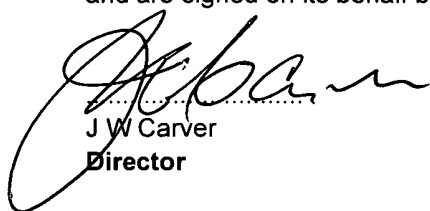
GROUP BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	2015		2014 as restated	
		£	£	£	£
Fixed assets					
Goodwill	13		-		433,333
Tangible assets	14		68,628,689		63,019,553
Investment properties	15		6,292,000		6,292,000
			<u>74,920,689</u>		<u>69,744,886</u>
Current assets					
Stocks	18	4,568,418		4,851,701	
Debtors	19	16,075,352		16,348,437	
Cash at bank and in hand		1,140,075		394,883	
		<u>21,783,845</u>		<u>21,595,021</u>	
Creditors: falling due within one year	20	<u>(29,664,250)</u>		<u>(28,243,954)</u>	
Net current liabilities			(7,880,405)		(6,648,933)
Total assets less current liabilities			67,040,284		63,095,953
Creditors: amounts falling due after more than one year	21		(24,630,489)		(23,515,156)
Provisions for liabilities	24		(2,215,429)		(2,362,670)
Net assets			<u>40,194,366</u>		<u>37,218,127</u>
Capital and reserves					
Called up share capital	27		7,060,000		7,060,000
Revaluation reserve			14,929,528		14,700,828
Profit and loss reserves	28		18,204,838		15,457,299
Equity attributable to owners of the parent company			<u>40,194,366</u>		<u>37,218,127</u>

Under section 454 of the Companies Act 2006, on a voluntary basis, the directors can amend these financial statements if they are subsequently proved to be defective.

The financial statements were approved by the board of directors and authorised for issue on 26/9/16 and are signed on its behalf by:


J W Carver
Director

INDUSTRIAL CHEMICALS GROUP LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2015

		2015		2014	
	Notes	£	£	as restated £	£
Fixed assets					
Goodwill	13		-		433,333
Tangible assets	14		34,561,128		27,991,954
Investment properties	15		40,122,063		39,556,823
Investments	16		4		4
			<u>74,683,195</u>		<u>67,982,114</u>
Current assets					
Debtors	19	7,810,422		9,936,000	
Cash at bank and in hand		616,320		-	
		<u>8,426,742</u>		<u>9,936,000</u>	
Creditors: falling due within one year	20	<u>(27,770,153)</u>		<u>(24,955,114)</u>	
Net current liabilities			(19,343,411)		(15,019,114)
Total assets less current liabilities			<u>55,339,784</u>		<u>52,963,000</u>
Creditors: amounts falling due after more than one year	21		(24,630,489)		(23,515,156)
Provisions for liabilities	24		<u>(2,044,500)</u>		<u>(2,066,000)</u>
Net assets			<u><u>28,664,795</u></u>		<u><u>27,381,844</u></u>
Capital and reserves					
Called up share capital	27		7,060,000		7,060,000
Profit and loss reserves	28		21,604,795		20,321,844
Total equity			<u><u>28,664,795</u></u>		<u><u>27,381,844</u></u>

The financial statements were approved by the board of directors and authorised for issue on 26/9/16 and are signed on its behalf by:


J W Carver
Director

Company Registration No. 01248371

INDUSTRIAL CHEMICALS GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2014		7,060,000	19,756,437	10,956,418	37,772,855
Effect of transition to FRS 102		-	(5,224,259)	3,347,977	(1,876,282)
Balance at 1 January 2014		7,060,000	14,532,178	14,304,395	35,896,573
Period ended 31 December 2014:					
Profit for the year		-	-	2,028,515	2,028,515
Other comprehensive income:					
Currency translation differences		-	-	(275,611)	(275,611)
Tax relating to other comprehensive income		-	168,650	-	168,650
Total comprehensive income for the year		-	168,650	1,752,904	1,921,554
Dividends	12	-	-	(600,000)	(600,000)
Balance at 31 December 2014		7,060,000	14,700,828	15,457,299	37,218,127
Period ended 31 December 2015:					
Profit for the year		-	-	3,027,713	3,027,713
Other comprehensive income:					
Currency translation differences on overseas subsidiaries		-	-	(280,174)	(280,174)
Tax relating to other comprehensive income		-	228,700	-	228,700
Total comprehensive income for the year		-	228,700	2,747,539	2,976,239
Balance at 31 December 2015		7,060,000	14,929,528	18,204,838	40,194,366

INDUSTRIAL CHEMICALS GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2014		7,060,000	19,756,437	1,675,015	28,491,452
Effect of transition to FRS 102		-	(19,756,437)	17,840,961	(1,915,476)
Balance at 1 January 2014		<u>7,060,000</u>	<u>-</u>	<u>19,515,976</u>	<u>26,575,976</u>
Period ended 31 December 2014:					
Profit and total comprehensive income for the year		-	-	1,405,868	1,405,868
Dividends	12	-	-	(600,000)	(600,000)
Balance at 31 December 2014		<u>7,060,000</u>	<u>-</u>	<u>20,321,844</u>	<u>27,381,844</u>
Period ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	1,282,951	1,282,951
Balance at 31 December 2015		<u>7,060,000</u>	<u>-</u>	<u>21,604,795</u>	<u>28,664,795</u>

INDUSTRIAL CHEMICALS GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Cash flows from operating activities					
Cash generated from operations	35	10,330,139		7,131,884	
Interest paid		(1,026,256)		(1,088,264)	
Income taxes refunded/(paid)		45,603		-	
Net cash inflow from operating activities		9,349,486		6,043,620	
Investing activities					
Purchase of tangible fixed assets		(9,887,206)		(3,922,163)	
Proceeds on disposal of tangible fixed assets		204,139		15,000	
Interest received		82,351		8,733	
Net cash used in investing activities		(9,600,716)		(3,898,430)	
Financing activities					
Proceeds from borrowings		-		125,717	
Repayment of borrowings		(1,269,841)		-	
Proceeds of new bank loans		4,000,000		-	
Repayment of bank loans		(3,000,000)		(1,500,000)	
Payment of finance leases obligations		(475,610)		(231,840)	
Dividends paid to equity shareholders		-		(600,000)	
Net cash used in financing activities		(745,451)		(2,206,123)	
Net decrease in cash and cash equivalents		(996,681)		(60,933)	
Cash and cash equivalents at beginning of year		(3,759,346)		(3,698,413)	
Cash and cash equivalents at end of year		(4,756,027)		(3,759,346)	
Relating to:					
Cash at bank and in hand		1,140,075		394,883	
Bank overdrafts included in creditors payable within one year		(5,896,102)		(4,154,229)	

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

Company information

Industrial Chemicals Group Limited ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is Titan Works, Hogg Lane, Grays, Essex, RM17 5DU.

The Group consists of Industrial Chemicals Group Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

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

These group and company financial statements for the year ended 31 December 2015 are the first financial statements of Industrial Chemicals Group Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 36.

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £1,282,951 (2014 - £1,405,868 profit).

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Industrial Chemicals Group Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2015.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

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

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

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

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

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

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

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

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

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.

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

Land and buildings Freehold	2% straight line
Property renovations	2% and 10% straight line
Plant and machinery	10% and 20% straight line
Motor vehicles	20% straight line

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

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.8 Impairment of fixed assets

At each reporting 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.

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

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

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

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

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.9 Stocks

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

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

Cost is calculated at the cost of the purchase of raw materials including delivery charges on a first in, first out basis and in some instances a weighted average cost, together with the direct cost of conversion including an appropriate allocation of production overhead costs based on normal utilisation rates of production plants, provided that they are related to the production process. Borrowing costs are not included in the cost of conversion.

For weighted average cost, the stock entering the system is as above, but out going stock is calculated at an ongoing weighted charge.

Net realisable value is based on the estimated selling price in the ordinary course of business less further costs to completion and disposal.

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

1.10 Cash and cash equivalents

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

1.11 Financial instruments

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

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

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

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. 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. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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

Derecognition of financial liabilities

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

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.12 Equity instruments

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

1.13 Derivatives

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

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

1.14 Taxation

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

Current tax

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

Deferred tax

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

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

1.15 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.16 Employee benefits

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

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

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

1.17 Retirement benefits

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

1.18 Leases

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

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

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

1.19 Foreign exchange

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

1.20 Management charges

Appropriate overheads are apportioned between the trading companies.

1.21 Exceptional items

Income and expenses classified as exceptional are shown separately on the face of the profit and loss account. Income and expenses are treated as exceptional in nature if they are significant one off income or expenses and are not expected to reoccur.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.22 Classification of preference shares

As at 31 December 2015, the company had £7m redeemable preference shares that are redeemable on or after 31 December 2015. These preference shares have been treated as equity instruments on the balance sheet and included within Capital and Reserves under called up share capital.

This is a departure from the requirements of the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), which requires redeemable preference shares to be treated as a financial liability. In the opinion of the directors, this departure from the accounting standard is necessary to give a true and fair view.

The directors are in active discussions with the preference shareholder to convert the preference shares into ordinary equity shares and have received confirmation from them that this is their intention, subject to normal due diligence. Therefore in the opinion of the directors, this true and fair override is necessary, as classifying the preference shares as debt would be misleading.

The effect of this treatment is to increase Capital and Reserves and the Net Asset position of the company by £7m.

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Valuation of investment properties

Investment properties are held at fair value and where there is a mixed use of land and buildings, this is apportioned between tangible fixed assets and investment properties, in accordance with FRS 102.

The land and buildings apportioned between tangible fixed assets and investment properties were last valued by a firm of independent chartered surveyors on 3 April 2014. The directors have considered the carrying value of these assets as at 31 December 2015 and concluded there had been no material change in their carrying values in the financial statements at this date.

Recoverability of intercompany debtors

The directors have reviewed the recoverability of intercompany debtors as at 31 December 2015 and concluded that a provision is required against the balance in the parent company's financial statements.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

3 Turnover and other revenue

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

	2015 £	2014 £
Turnover		
Sales of goods	91,716,667	79,704,449
Sale of services	4,130,631	11,492,783
Rental income	344,700	344,700
	<u>96,191,998</u>	<u>91,541,932</u>

Other significant revenue

Interest income	<u>180,092</u>	<u>8,733</u>
-----------------	----------------	--------------

Turnover analysed by geographical market

	2015 £	2014 £
United Kingdom	84,412,312	79,814,398
European Union	8,418,714	7,976,183
Non European Union	3,360,972	3,751,351
	<u>96,191,998</u>	<u>91,541,932</u>

4 Exceptional costs/(income)

	2015 £	2014 £
Exceptional items	<u>(500,546)</u>	<u>(156,704)</u>

The exceptional income in the current year relates to a credit note received for the commission that is no longer due on the sale of a fixed asset in 2013.

The net exceptional income in the prior year relates to three separate incidents that occurred in 2013 and the restructuring of the Group's banking facilities in 2013.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

5 Operating (loss)/profit

	2015 £	2014 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	(377,208)	(434,729)
Research and development costs	177,340	67,218
Depreciation of owned tangible fixed assets	5,270,830	5,006,618
Depreciation of tangible fixed assets held under finance leases	375,767	226,191
Loss on disposal of tangible fixed assets	(195,817)	(15,000)
Amortisation of intangible assets	433,333	520,001
Cost of stocks recognised as an expense	49,318,193	48,437,790
Operating lease charges	392,915	308,098
	<u> </u>	<u> </u>

6 Auditors' remuneration

	2015 £	2014 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	30,000	35,500
Audit of the company's subsidiaries	56,284	49,036
	<u>86,284</u>	<u>84,536</u>
For other services		
Taxation compliance services	16,600	8,500
Other taxation services	38,150	-
All other non-audit services	2,500	10,878
	<u>57,250</u>	<u>19,378</u>

7 Employees

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

	2015 Number	2014 Number
Directors	4	4
Administration	88	75
Production, transport and maintenance	313	290
	<u>405</u>	<u>369</u>

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

7 Employees (Continued)

Their aggregate remuneration comprised:

	2015 £	2014 £
Wages and salaries	14,770,113	13,439,573
Social security costs	1,541,892	1,323,476
Pension costs	268,644	220,778
	<u>16,580,649</u>	<u>14,983,827</u>

8 Directors' remuneration

	2015 £	2014 £
Remuneration for qualifying services	(67,816)	174,317
Company pension contributions to defined contribution schemes	4,500	2,431
	<u>(63,316)</u>	<u>176,748</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2014 - 1).

9 Interest receivable and similar income

	2015 £	2014 £
Interest income		
Other interest income	82,351	8,733
Other income from investments		
Gains on financial instruments measured at fair value through profit or loss	97,741	-
	<u>180,092</u>	<u>8,733</u>

Investment income includes the following:

Interest on financial assets measured at fair value through profit or loss	<u>97,741</u>	<u>-</u>
--	---------------	----------

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

10 Interest payable and similar charges

	2015 £	2014 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	991,393	1,043,682
Interest on finance leases and hire purchase contracts	33,910	39,414
Other interest	953	5,168
	<u>1,026,256</u>	<u>1,088,264</u>
Other finance costs:		
Finance costs for financial instruments measured at fair value through profit or loss	-	205,003
	<u>1,026,256</u>	<u>1,293,267</u>

11 Taxation

	2015 £	2014 £
Current tax		
UK corporation tax on profits for the current period	632,000	585,000
Adjustments in respect of prior periods	(112,643)	-
	<u>519,357</u>	<u>585,000</u>
Total UK current tax		
Foreign current tax on profits for the current period	(45,603)	-
	<u>473,754</u>	<u>585,000</u>
Deferred tax		
Origination and reversal of timing differences	207,200	(483,549)
	<u>680,954</u>	<u>101,451</u>

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

11 Taxation

(Continued)

The charge for the year can be reconciled to the loss per the profit and loss account as follows:

	2015 £	2014 £
Profit before taxation	3,708,667	2,129,966
Expected tax charge based on the standard rate of corporation tax in the UK of 21.00% (2014: 23.00%)	778,820	489,892
Tax effect of expenses that are not deductible in determining taxable profit	110,211	194,923
Tax effect of utilisation of tax losses not previously recognised	(2,489)	(259,064)
Permanent capital allowances in excess of depreciation	(233,513)	209,970
Other permanent differences	98	(9,704)
Under/(over) provided in the year	(112,643)	-
Tax at marginal rate	(21,127)	(41,017)
Deferred tax movement	207,200	(483,549)
Overseas tax	(45,603)	-
Tax expense for the year	680,954	101,451

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2015 £	2014 £
Deferred tax arising on:		
Revaluation of property	(228,700)	(168,650)

The group has estimated losses of £5,356,000 (2014: £5,625,000) available for carry forward against future trading profits.

The group has a deferred tax asset of £90,200 (2014: £181,000) for which it has not provided for as its recoverability remains uncertain.

12 Dividends

	2015 £	2014 £
Interim paid	-	600,000
	-	600,000

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

13 Intangible fixed assets

Group	Goodwill and licences
	£
Cost	
At 1 January 2015 and 31 December 2015	2,600,000
Amortisation and impairment	
At 1 January 2015	2,166,667
Amortisation charged for the year	433,333
At 31 December 2015	2,600,000
Carrying amount	
At 31 December 2015	-
At 31 December 2014	433,333
Company	Goodwill and licences
	£
Cost	
At 1 January 2015 and 31 December 2015	2,600,000
Amortisation and impairment	
At 1 January 2015	2,166,667
Amortisation charged for the year	433,333
At 31 December 2015	2,600,000
Carrying amount	
At 31 December 2015	-
At 31 December 2014	433,333

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

14 Tangible fixed assets

Group	Land and buildings Freehold	Property renovations	Assets under construction	Plant and Motor vehicles machinery	Total	
	£	£	£	£	£	
Cost or valuation						
At 1 January 2015	35,809,913	2,877,268	-	93,945,871	5,840,574	138,473,626
Additions	565,240	111,081	4,794,259	4,023,059	1,677,208	11,170,847
Disposals	-	-	-	(399,125)	(2,540,862)	(2,939,987)
Exchange adjustments	21,498	-	-	491,554	1,719	514,771
At 31 December 2015	36,396,651	2,988,349	4,794,259	98,061,359	4,978,639	147,219,257
Depreciation and impairment						
At 1 January 2015	2,325,132	1,397,107	-	66,838,408	4,893,426	75,454,073
Depreciation charged in the year	62,453	284,855	-	4,585,373	713,916	5,646,597
Eliminated in respect of disposals	-	-	-	(473,231)	(2,458,434)	(2,931,665)
Exchange adjustments	6,520	-	-	410,155	4,888	421,563
At 31 December 2015	2,394,105	1,681,962	-	71,360,705	3,153,796	78,590,568
Carrying amount						
At 31 December 2015	34,002,546	1,306,387	4,794,259	26,700,654	1,824,843	68,628,689
At 31 December 2014	33,484,781	1,480,161	-	27,107,463	947,148	63,019,553

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Company	Property renovations £	Assets under construction £	Plant and Motor vehicles machinery £	£	Total £
Cost or valuation					
At 1 January 2015	2,877,268	-	72,211,645	5,752,384	80,841,297
Additions	111,081	4,794,259	5,131,155	1,677,208	11,713,703
Disposals	-	-	(399,125)	(2,540,862)	(2,939,987)
At 31 December 2015	2,988,349	4,794,259	76,943,675	4,888,730	89,615,013
Depreciation and impairment					
At 1 January 2015	1,397,107	-	46,633,034	4,819,202	52,849,343
Depreciation charged in the year	284,855	-	4,138,111	713,241	5,136,207
Eliminated in respect of disposals	-	-	(473,231)	(2,458,434)	(2,931,665)
At 31 December 2015	1,681,962	-	50,297,914	3,074,009	55,053,885
Carrying amount					
At 31 December 2015	1,306,387	4,794,259	26,645,761	1,814,721	34,561,128
At 31 December 2014	1,480,161	-	25,578,611	933,182	27,991,954

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £375,767 (2014: £226,191).

	Group 2015 £	2014 £	Company 2015 £	2014 £
Plant and machinery	30,016	32,027	30,016	32,027
Motor vehicles	1,392,429	479,655	1,392,429	479,655
	1,422,445	511,682	1,422,445	511,682

Freehold land and buildings owned by the parent company were revalued on an open market basis by a firm of independent Chartered Surveyors on 3 April 2014 for £32,708,000.

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

	Group 2015 £	2014 £	Company 2015 £	2014 £
Cost	20,346,387	19,781,147	-	-
Accumulated depreciation	1,223,686	1,161,233	-	-
Carrying value	19,122,701	18,619,914	-	-

The revaluation surplus is disclosed in note 28.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

15 Investment property

	Group 2015 £	Company 2015 £
Fair value		
At 31 December 2015	6,292,000	39,556,823
Additions through external acquisition	-	565,240
	<u>6,292,000</u>	<u>40,122,063</u>
At 31 December 2015	<u>6,292,000</u>	<u>40,122,063</u>

The fair value of the investment properties in the group has been arrived at on the basis of a valuation carried out on 3 April 2014 for £6,292,000 by a firm of independent Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

The fair value of the investment properties in the parent company has been arrived at on the basis of a valuation carried out on 3 April 2014 for £39,000,000 by a firm of independent Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

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

	Group 2015 £	Company 2015 £
Cost	1,959,291	22,305,678
Accumulated depreciation	-	-
	<u>1,959,291</u>	<u>22,305,678</u>
Carrying amount	<u>1,959,291</u>	<u>22,305,678</u>

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

16 Fixed asset investments

		Unlisted investments	Company Shares in group undertakings	Total
	Notes	£	£	£
Cost or valuation				
At 1 January 2015 & at 31 December 2015	34	8,000,000	1,102	8,001,102
Provisions for diminution in value				
At 1 January 2015 & at 31 December 2015		8,000,000	1,098	8,001,098
Net book value				
At 31 December 2015		-	4	4
At 1 January 2015		-	4	4

17 Financial instruments

	Group 2015	2014	Company 2015	2014
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	14,339,108	13,895,009	7,014,246	8,255,893
Equity instruments measured at cost less impairment	-	-	4	4
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	146,838	244,579	146,838	244,579
Measured at amortised cost	51,919,752	49,549,504	52,099,792	48,050,490

During the current and prior year, the company had an interest rate swap arrangement with the bank. The potential liability arising from this at the year end amounted to £146,838 (2014: £244,579). There was a net credit of £97,741 (2014: charge of £205,003) to the Profit and Loss account in respect of this arrangement.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

18 Stocks

	Group 2015 £	2014 £	Company 2015 £	2014 £
Raw materials and consumables	1,884,582	2,032,276	-	-
Finished goods and goods for resale	2,683,836	2,819,425	-	-
	<u>4,568,418</u>	<u>4,851,701</u>	<u>-</u>	<u>-</u>

The cost of stock written off in the year totalled £135,334.

Stock included raw materials and finished goods that are subject to reservation of title until they have been fully paid for.

19 Debtors

	Group 2015 £	2014 £	Company 2015 £	2014 £
Amounts falling due within one year:				
Trade debtors	11,726,364	11,304,203	-	-
Corporation tax recoverable	11,371	-	-	-
Amounts due from fellow group undertakings	-	-	4,529,116	5,825,504
Other debtors	2,999,771	2,716,305	2,871,802	2,555,496
Prepayments and accrued income	1,337,846	2,327,929	409,504	1,555,000
	<u>16,075,352</u>	<u>16,348,437</u>	<u>7,810,422</u>	<u>9,936,000</u>

Trade debtors disclosed above are measured at amortised cost.

20 Creditors: falling due within one year

	Notes	Group 2015 £	2014 £	Company 2015 £	2014 £
Loans and overdrafts	22	11,027,349	10,305,317	5,131,247	6,264,544
Obligations under finance leases	23	593,850	248,893	593,850	248,893
Corporation tax payable		1,115,728	585,000	139,485	162,000
Other taxation and social security		1,112,421	1,380,027	14,527	13,201
Trade creditors		10,320,276	9,287,475	1,910,851	786,784
Amounts due to subsidiary undertakings		-	-	16,816,809	14,135,008
Other creditors		2,765,260	3,155,562	1,978,957	2,360,698
Accruals and deferred income		2,729,366	3,281,680	1,184,427	983,986
		<u>29,664,250</u>	<u>28,243,954</u>	<u>27,770,153</u>	<u>24,955,114</u>

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

21 Creditors: amounts falling due after more than one year

	Notes	Group 2015 £	2014 £	Company 2015 £	2014 £
Loans and overdrafts	22	23,750,000	23,000,000	23,750,000	23,000,000
Obligations under finance leases	23	733,651	270,577	733,651	270,577
Derivative financial instruments		146,838	244,579	146,838	244,579
		<u>24,630,489</u>	<u>23,515,156</u>	<u>24,630,489</u>	<u>23,515,156</u>

22 Loans and overdrafts

		Group 2015 £	2014 £	Company 2015 £	2014 £
Bank loans		27,000,000	26,000,000	27,000,000	26,000,000
Bank overdrafts		5,896,102	4,154,229	-	113,456
Directors' loans		1,693,139	2,962,980	1,693,139	2,962,980
Other loans		188,108	188,108	188,108	188,108
		<u>34,777,349</u>	<u>33,305,317</u>	<u>28,881,247</u>	<u>29,264,544</u>
Payable within one year		11,027,349	10,305,317	5,131,247	6,264,544
Payable after one year		<u>23,750,000</u>	<u>23,000,000</u>	<u>23,750,000</u>	<u>23,000,000</u>

The bank loans are secured by a fixed and floating charge over the company's property, and assets of the group.

The bank overdraft relates to a confidential invoice discounting scheme which is secured against the corresponding sales invoices. It is also secured by personal guarantees from JW Carver, CD Carver and AR Carver, the directors of the company, in the event of certain conditions being present and there is a loss to the providers of the scheme.

Directors loans and Trust loans are secured by a fixed and floating charge over the present and future property and assets of the group.

Bank loans are repayable in instalments with the final instalment due in June 2020. A final instalment of £13,750,000 will be due on this date. Interest is charged on the bank loans at 2.5% - 3% above LIBOR.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

23 Finance lease obligations

	Group 2015 £	2014 £	Company 2015 £	2014 £
Future minimum lease payments due under finance leases:				
Within one year	593,850	272,763	593,850	272,763
In two to five years	761,848	276,953	761,848	276,953
	<u>1,355,698</u>	<u>549,716</u>	<u>1,355,698</u>	<u>549,716</u>
Less: future finance charges	(28,197)	(30,246)	(28,197)	(30,246)
	<u>1,327,501</u>	<u>519,470</u>	<u>1,327,501</u>	<u>519,470</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

24 Provisions for liabilities

	Notes	Group 2015 £	2014 £	Company 2015 £	2014 £
Waste provision		260,929	386,670	-	-
Deferred tax liabilities	25	1,954,500	1,976,000	2,044,500	2,066,000
		<u>2,215,429</u>	<u>2,362,670</u>	<u>2,044,500</u>	<u>2,066,000</u>

Movements on provisions apart from deferred tax liabilities:

Group	£
At 1 January 2015	386,670
Exchange difference	(125,741)
At 31 December 2015	<u>260,929</u>

The Waste provision relates to a commitment to remove waste from the group's site in the U.S.A.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

25 Deferred taxation

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

	Liabilities 2015 £	Liabilities 2014 £
Group		
Accelerated capital allowances	1,580,000	1,412,000
Tax losses	(896,500)	(1,046,000)
Revaluations	1,361,000	1,700,000
Other	(90,000)	(90,000)
	<u>1,954,500</u>	<u>1,976,000</u>
	Liabilities 2015 £	Liabilities 2014 £
Company		
Accelerated capital allowances	1,580,000	1,412,000
Tax losses	(896,500)	(1,046,000)
Revaluations	1,361,000	1,700,000
	<u>2,044,500</u>	<u>2,066,000</u>
	Group 2015 £	Company 2015 £
Movements in the year:		
Liability at 1 January 2015	1,976,000	2,066,000
Credit to profit and loss	(21,500)	(21,500)
	<u>1,954,500</u>	<u>2,044,500</u>

The deferred tax asset set out above is expected to reverse within the next couple of years and relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability set out above is expected to reverse within a few years and relates to accelerated capital allowances that are expected to mature over that period.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

26 Retirement benefit schemes

	2015	2014
	£	£
Defined contribution schemes		
Charge to profit and loss in respect of defined contribution schemes	268,644	220,778

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.

Contributions totalling £57,446 (2014: £47,717) were payable to the fund at the year end and are included in creditors.

27 Share capital

	Group and company 2015	2014
	£	£
Ordinary share capital		
Issued and fully paid		
60,000 Ordinary of £1 each	60,000	60,000
Preference share capital		
Issued and fully paid		
7,000,000 Preference of £1 each	7,000,000	7,000,000

The company has one class of ordinary shares which carry no right to fixed income. Each ordinary share carries one voting right.

The preference shares carry no voting rights except in limited circumstances and are redeemable on 31 December 2015 or shortly thereafter.

28 Reserves

Revaluation reserve

The revaluation reserve relates to the revaluation of land and buildings held in tangible fixed assets. The revaluation reserve includes a deferred tax liability of £474,200 (2014: £722,900) offset against the revaluation surplus on the land and buildings.

Profit and loss reserves

As at 31 December 2015, the group had distributable reserves of £14,758,929.

As at 31 December 2015, the parent company had distributable reserves of £5,149,410.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

29 Financial commitments, guarantees and contingent liabilities

The company has entered into an Omnibus Guarantee and Set-Off Agreement, dated 21 November 2013, in respect of the current and future facilities provided to its fellow group companies by Lloyds Bank Plc. At the year end this contingent liability amounted to £5,885,030 (2014: £4,019,547) in favour of Industrial Chemicals Limited.

The company has received correspondence from HM Revenue & Customs in respect of PAYE and Class 1 National Insurance Contributions in respect of an Employee Benefit Trust Scheme. The directors do not believe any additional PAYE or NIC's are due and have appealed, following advice taken from tax counsel. Based on the legal advice received, no provision has been made for this assessment. The amount that may be due to HM Revenue & Customs is dependent on whether HM Revenue & Customs win part or all of their arguments and therefore any amount that may be due remains uncertain.

30 Events after the reporting date

After the year end, the company acquired two additional sites for a nominal value. On completion of the acquisition, Industrial Chemicals Group Limited will receive the total sum of £4,000,000 via instalments, with the funds having been placed in an Escrow account, from the vendor in recognition of the environmental responsibilities for the land acquired.

31 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, which include directors, is as follows.

	2015 £	2014 £
Aggregate compensation	880,059	1,032,259

No guarantees have been given or received.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

31 Related party transactions

(Continued)

The group has taken advantage of the exemption available in FRS 102 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared.

As at 31 December 2015, the company owed £16,815,637 (2014: £14,133,836) to Industrial Chemicals Limited, a subsidiary company. The balance is included within creditors.

As at 31 December 2015, the company was owed £4,529,116 (2014: £5,825,504) by Industrial Chemicals (US) Limited, a subsidiary company. The balance is included within debtors.

As at 31 December 2015, the company owed £1,172 (2014: £1,172) to Industrial Zeolite (US) Limited, a subsidiary company. The balance is included within creditors.

As at 31 December 2015, the company was owed £15,000 (2014: £15,000) by London Iron Limited, a related company. The balance is included within debtors. London Iron Limited is a related party by virtue of a family connection between the directors and shareholders of each company.

During the year, the group was charged £93,865 (2014: £1,123,461) by London Iron Limited, for services rendered. At the year end Industrial Chemicals Limited owed £46,386 (2014: £107,884) to London Iron Limited.

During the year rent of £344,700 (2014: £344,700) and management charges of £242,000 (2014: £84,000) were charged to Titan Truck Park Limited, a related party, by the company. In addition, the company also incurred expenditure of £60,083 (2014: £547,953) on behalf of Titan Truck Park Limited, all of which has been recharged in the year. At the year end the company owed £1,586,773 (2014: £1,689,856) to Titan Truck Park Limited. The balance is included within creditors. Titan Truck Park Limited is a related party by virtue of common ultimate shareholders and controlling directors.

As at 31 December 2015, the company was owed £508,181 (2014: £522,181) by Ingatestone Developments Limited, a related party. The balance is included within debtors. Ingatestone Developments Limited is a company controlled by the wife of a director.

During the year Industrial Chemicals Limited was charged £16,000 (2014: £84,296) by Ingatestone Developments Limited, for services rendered. At the balance sheet date Industrial Chemicals Limited owed £43,035 (2014: £23,400) to Ingatestone Developments Limited.

During the year the company paid rents of £12,000 (2014: £12,000) to Jubillmeyer Limited, a related party. During the year, the company paid expenses totalling £28,460 (2014: Nil) on behalf of Jubillmeyer Limited. At the year end the company was owed £186,369 (2014: £169,909) by Jubillmeyer Limited. The balance is included within debtors. Jubillmeyer Limited is a company controlled by one of the directors, JW Carver.

During the year, Industrial Chemicals Limited paid expenses of £Nil (2014: £6,228) on behalf of Jubillmeyer Limited.

During the year the company paid expenses of £29,600 (2014: £15,101) on behalf of DMCM Limited, all of which were recharged in the year. In addition, the company paid rents of £150,000 (2014: £150,000) to DMCM Limited. During the year, the company made a management charge of £100,000 to DMCM Limited. At the year end the company was owed £1,657,899 (2014: £1,723,299) by DMCM Limited. The balance is included within debtors. DMCM Limited is a related party by virtue of common ultimate shareholders and controlling directors.

During the year Industrial Chemicals Limited paid expenses of £Nil (2014: £30,101) on behalf of DMCM Limited.

Provisions have been made against the above balances where applicable.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

32 Directors' transactions

At the year end the company was owed £98,680 (2014: creditor - £88,383) by JW Carver. At the year end the company owed £1,148,297 (2014: £1,497,281) to CD Carver and £544,841 (2014: £1,377,314) to AR Carver. These amounts are included in creditors. During the year, the company paid rent of £Nil (2014: £780,000) to the directors and interest of £Nil (2014: £100,000) and dividends of £Nil (2014: £600,000) to the director/shareholders equally.

At the year end the company owed £107,010 (2014: £107,010) to J Carver Discretionary Trust, £108,120 (2014: £108,120) to C Carver Discretionary Trust and £111,225 (2014: £111,225) to A Carver Discretionary Trust. This is included in creditors.

At the year end, a balance of £39,466 (2014: £24,435) was due to Industrial Chemicals Limited from R Carver, the son of one of the directors and shareholders, and £6,018 (2014: £2,922) was due to the company from JW Carver Jnr, the son of one of the directors and shareholders.

33 Controlling party

For both the current and previous year, JW Carver, CD Carver and AR Carver are the ultimate controlling parties by virtue of owning 100% of the issued voting share capital of Industrial Chemicals Group Limited.

34 Subsidiaries

Details of the company's subsidiaries at 31 December 2015 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Industrial Chemicals Limited England and Wales	Chemical manufacturer and merchants	Ordinary	100.00	
Industrial Chemicals (US) Limited England and Wales	Chemical manufacturer and merchants	Ordinary & preference	100.00	
Industrial Zeolite (US) Limited England and Wales	Not trading	Ordinary	100.00	

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

35	Cash generated from operations	2015 £	2014 £
	Profit for the financial year after tax	3,027,713	2,028,515
	Adjustments for:		
	Taxation charged	680,954	101,451
	Finance costs	1,026,256	1,293,267
	Investment income	(180,092)	(8,733)
	Gain on disposal of tangible fixed assets	(195,817)	(15,000)
	Amortisation and impairment of intangible assets	433,333	520,001
	Depreciation and impairment of tangible fixed assets	5,646,597	5,232,809
	Foreign exchange gains on cash equivalents	(499,123)	(435,474)
	Movements in working capital:		
	Decrease/(increase) in stocks	283,283	(966,057)
	Decrease in debtors	284,456	4,467,163
	(Decrease) in creditors	(177,421)	(5,086,058)
	Cash generated from operations	10,330,139	7,131,884

Restrictions on cash transfers

As part of the bank covenants on the bank loan in place at the year end, there are covenants that impose restrictions on the amount of funds that may be advanced each month by the group to Industrial Chemicals (US) Limited and Industrial Zeolite (US) Limited. These restrictions are sufficient to enable the group to continue to fund the activities of these two companies as necessary to enable them to continue trading as a going concern.

36 Reconciliations on adoption of FRS 102

Reconciliation of equity - group

	At 1 January 2014			At 31 December 2014		
	Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP	Effect of transition	FRS 102
Notes	£	£	£	£	£	£
Fixed assets						
Goodwill	953,334	-	953,334	433,333	-	433,333
Tangible assets	70,422,179	(6,252,806)	64,169,373	69,233,173	(6,213,620)	63,019,553
Investment properties	-	6,292,000	6,292,000	-	6,292,000	6,292,000
	<u>71,375,513</u>	<u>39,194</u>	<u>71,414,707</u>	<u>69,666,506</u>	<u>78,380</u>	<u>69,744,886</u>
Current assets						
Stocks	3,885,644	-	3,885,644	4,851,701	-	4,851,701
Debtors	20,815,600	-	20,815,600	16,348,437	-	16,348,437
Bank and cash	668,578	-	668,578	394,883	-	394,883
	<u>25,369,822</u>	<u>-</u>	<u>25,369,822</u>	<u>21,595,021</u>	<u>-</u>	<u>21,595,021</u>

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

36 Reconciliations on adoption of FRS 102

(Continued)

Notes	At 1 January 2014			At 31 December 2014		
	Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
Creditors due within one year						
Loans and overdrafts	(7,366,991)	-	(7,366,991)	(7,154,229)	-	(7,154,229)
Finance leases	(234,540)	-	(234,540)	(248,893)	-	(248,893)
Taxation	-	-	-	(585,000)	-	(585,000)
Other creditors	(22,765,580)	(2,450,593)	(25,216,173)	(17,679,522)	(2,576,310)	(20,255,832)
	(30,367,111)	(2,450,593)	(32,817,704)	(25,667,644)	(2,576,310)	(28,243,954)
Net current liabilities	(4,997,289)	(2,450,593)	(7,447,882)	(4,072,623)	(2,576,310)	(6,648,933)
Total assets less current liabilities	66,378,224	(2,411,399)	63,966,825	65,593,883	(2,497,930)	63,095,953
Creditors due after one year						
Loans and overdrafts	(24,500,000)	-	(24,500,000)	(23,000,000)	-	(23,000,000)
Finance leases	(516,770)	-	(516,770)	(270,577)	-	(270,577)
Derivatives	-	(39,576)	(39,576)	-	(244,579)	(244,579)
Other creditors	(2,837,263)	2,837,263	-	(2,962,980)	2,962,980	-
	(27,854,033)	2,797,687	(25,056,346)	(26,233,557)	2,718,401	(23,515,156)
Provisions for liabilities						
Deferred tax	(751,336)	(1,875,900)	(2,627,236)	(276,000)	(1,700,000)	(1,976,000)
Other provisions	-	(386,670)	(386,670)	-	(386,670)	(386,670)
	(751,336)	(2,262,570)	(3,013,906)	(276,000)	(2,086,670)	(2,362,670)
Net assets	37,772,855	(1,876,282)	35,896,573	39,084,326	(1,866,199)	37,218,127
Capital and reserves						
Share capital	7,060,000	-	7,060,000	7,060,000	-	7,060,000
Revaluation reserve	19,756,437	(5,224,259)	14,532,178	19,756,437	(5,055,609)	14,700,828
Profit and loss	10,956,418	3,347,977	14,304,395	12,267,889	3,189,410	15,457,299
Total equity	37,772,855	1,876,282	35,896,573	39,084,326	(1,866,199)	37,218,127

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

36 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of profit or loss for the year - group

Notes	Year ended 31 December 2014		
	Previous UK GAAP £	Effect of transition £	FRS 102 £
Turnover	91,541,932	-	91,541,932
Cost of sales	(54,932,559)	-	(54,932,559)
Gross	36,609,373	-	36,609,373
Distribution costs	(14,231,156)	-	(14,231,156)
Administrative expenses	(19,159,607)	39,186	(19,120,421)
Exceptional items	156,704	-	156,704
Operating profit	3,375,314	39,186	3,414,500
Interest receivable and similar income	8,733	-	8,733
Interest payable and similar charges	(1,088,264)	(205,003)	(1,293,267)
Profit before taxation	2,295,783	(165,817)	2,129,966
Taxation	(108,701)	7,250	(101,451)
Profit after tax for the financial period	2,187,082	(158,567)	2,028,515

Notes to reconciliations on adoption of FRS 102 - group

Reclassification of land and buildings to investment properties

In accordance with FRS 102 one of the freehold land and buildings has a mixed used, being partly used in the trade of the group and partly rented out to a company outside of the group. This proportion of the land and buildings previously classified as tangible fixed assets has been reclassified as investment properties.

The impact of this has been to reverse the cumulative depreciation charge through the profit and loss reserves for this proportion to show the investment property at its last valuation which was reflected in the financial statements for the year ended 31 December 2013 of £6.3m.

The depreciation charge of £39,186 for the year ended 31 December 2014 has been reversed as investment properties are not depreciated.

Reclassification of Directors loan account balances

Directors loan account balances were previously classified as creditors being due in more than one year. This is because there was no intention to repay the loans within 12 months of the year end.

However, the loans have been reclassified as creditors being due within one year as technically they are repayable on demand and there is no formal loan agreement in place for these loans.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

36 Reconciliations on adoption of FRS 102

(Continued)

Interest rate SWAP

The company has entered into interest rate SWAP arrangements with the bank. Under old UK GAAP, these were not recognised on the balance sheet. Under FRS 102, interest rate swaps need to be accounted for at fair value on the balance sheet.

The impact of this has been to bring onto the balance sheet a liability of £39,576 at the date of transition of 1 January 2014. As at 31 December 2014 the interest rate swaps were valued at £244,579 and have been included within creditors in the restated comparatives. This has led to a charge to the profit and loss account of £205,003 for the year ended 31 December 2014.

Deferred tax on revalued land and buildings

Under old UK GAAP, no deferred tax was recognised on revalued land and buildings. However, under FRS 102, a deferred tax liability on revalued land and buildings has been recognised.

As at the date of transition, deferred tax on revalued land and buildings and investment properties amounted to £1,875,900. As at 31 December 2014, the deferred tax on the revalued land and buildings and investment properties amounted to £1.7m. This led to a credit to the profit and loss account of £7,250 with the balance to the revaluation reserve for the year ended 31 December 2014.

Reserves transfer

As noted above, a proportion of land & buildings freehold have been reclassified as investment properties. Under FRS 102, any changes in the fair value of investment properties are charged or credited to the profit and loss account.

The impact of this has been to transfer a proportion of the revaluation reserve of £4.3m to the profit and loss reserve at the date of transition.

As at the date of transition, as noted above, a deferred tax provision has been provided for on revalued investment properties of £1,875,900 and a provision for interest rate swaps of £39,576 has been provided for.

The net impact of this on the profit and loss reserve at the date of transition has been to increase the profit and loss reserve by £3.3m.

Waste provision

At the date of transition of 1 January 2014 and as at 31 December 2014, the group had an accrual for a waste provision. On transition to FRS 102, this has been reclassified as a provision on the balance sheet as this more accurately reflects the classification of this provision.

Reconciliation of equity - company

Notes	At 1 January 2014			At 31 December 2014		
	Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP	Effect of transition	FRS 102
	£	£	£	£	£	£
Fixed assets						
Goodwill	953,334	-	953,334	433,333	-	433,333
Tangible assets	67,867,389	(39,077,652)	28,789,737	67,280,051	(39,288,097)	27,991,954
Investment properties	-	39,077,652	39,077,652	-	39,556,823	39,556,823
Investments	4	-	4	4	-	4
	<u>68,820,727</u>	<u>-</u>	<u>68,820,727</u>	<u>67,713,388</u>	<u>268,726</u>	<u>67,982,114</u>

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

36 Reconciliations on adoption of FRS 102

(Continued)

Notes	At 1 January 2014			At 31 December 2014		
	Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
Current assets						
Debtors	13,752,502	-	13,752,502	9,936,000	-	9,936,000
Bank and cash	203,721	-	203,721	-	-	-
	<u>13,956,223</u>	<u>-</u>	<u>13,956,223</u>	<u>9,936,000</u>	<u>-</u>	<u>9,936,000</u>
Creditors due within one year						
Loans and overdrafts	(3,000,000)	-	(3,000,000)	(3,113,456)	-	(3,113,456)
Finance leases	(234,540)	-	(234,540)	(248,893)	-	(248,893)
Taxation	-	-	-	(162,000)	-	(162,000)
Other creditors	(22,461,925)	(2,837,263)	(25,299,188)	(18,467,785)	(2,962,980)	(21,430,765)
	<u>(25,696,465)</u>	<u>(2,837,263)</u>	<u>(28,533,728)</u>	<u>(21,992,134)</u>	<u>(2,962,980)</u>	<u>(24,955,114)</u>
Net current liabilities	<u>(11,740,242)</u>	<u>(2,837,263)</u>	<u>(14,577,505)</u>	<u>(12,056,134)</u>	<u>(2,962,980)</u>	<u>(15,019,114)</u>
Total assets less current liabilities	<u>57,080,485</u>	<u>(2,837,263)</u>	<u>54,243,222</u>	<u>55,657,254</u>	<u>(2,694,254)</u>	<u>52,963,000</u>
Creditors due after one year						
Loans and overdrafts	(24,500,000)	-	(24,500,000)	(23,000,000)	-	(23,000,000)
Finance leases	(516,770)	-	(516,770)	(270,577)	-	(270,577)
Derivatives	-	(39,576)	(39,576)	-	(244,579)	(244,579)
Other creditors	(2,837,263)	2,837,263	-	(2,962,980)	2,962,980	-
	<u>(27,854,033)</u>	<u>2,797,687</u>	<u>(25,056,346)</u>	<u>(26,233,557)</u>	<u>2,718,401</u>	<u>(23,515,156)</u>
Provisions for liabilities						
Deferred tax	(735,000)	(1,875,900)	(2,610,900)	(366,000)	(1,700,000)	(2,066,000)
Net assets	<u>28,491,452</u>	<u>(1,915,476)</u>	<u>26,575,976</u>	<u>29,057,697</u>	<u>(1,675,853)</u>	<u>27,381,844</u>
Capital and reserves						
Share capital	7,060,000	-	7,060,000	7,060,000	-	7,060,000
Revaluation reserve	19,756,437	(19,756,437)	-	19,756,437	(19,756,437)	-
Profit and loss	1,675,015	17,840,961	19,515,976	2,241,260	18,080,584	20,321,844
Total equity	<u>28,491,452</u>	<u>(1,915,476)</u>	<u>26,575,976</u>	<u>29,057,697</u>	<u>(1,675,853)</u>	<u>27,381,844</u>

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

36 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of profit or loss for the year - company

	Notes	Year ended 31 December 2014		
		Previous UK GAAP £	Effect of transition £	FRS 102 £
Turnover		8,573,423	-	8,573,423
Administrative expenses		(7,296,379)	268,726	(7,027,653)
Exceptional items		156,704	-	156,704
Operating profit		1,433,748	268,726	1,702,474
Income from shares in group undertakings		600,000	-	600,000
Interest receivable and similar income		7,797	-	7,797
Interest payable and similar charges		(1,082,300)	(205,003)	(1,287,303)
Profit before taxation		959,245	63,723	1,022,968
Taxation		207,000	175,900	382,900
Profit after taxation		1,166,245	239,623	1,405,868

Notes to reconciliations on adoption of FRS 102 - company

Reclassification of land and buildings freehold to investment properties

Freehold land and buildings previously classified as tangible fixed assets have been reclassified as investment properties under FRS 102. This is because the land and buildings are used in the trade of its subsidiary, Industrial Chemicals Limited and a rent charge is made to the subsidiary. Therefore the land and buildings meet the definition of investment properties under FRS 102.

The impact of this has been to reverse the cumulative depreciation charge through the profit and loss reserves to show the investment properties at their last valuation which was reflected in the financial statements for the year ended 31 December 2013 of £39m.

Subsequent additions during 2014 have been shown as additions to investment properties of £479,171 giving a net book value carried forward as at 31 December 2014 of £39,556,823 compared to a net book value carried forward of £39,288,097 per last years signed financial statements prepared under old UK GAAP.

The depreciation charge of £268,726 for the year ended 31 December 2014 has been reversed as investment properties are not depreciated.

Reclassification Directors loan account balances

Directors loan account balances were previously classified as creditors being due in more than one year. This is because there was no intention to repay the loans within 12 months of the year end.

However, the loans have been reclassified as creditors being due within one year as technically they are repayable on demand and there is no formal loan agreement in place for these loans.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

36 Reconciliations on adoption of FRS 102

(Continued)

Interest rate SWAP

The company has entered into interest rate SWAP arrangements with the bank. Under old UK GAAP, these were not recognised on the balance sheet. Under FRS 102, interest rate swaps need to be accounted for at fair value on the balance sheet.

The impact of this has been to bring onto the balance sheet a liability of £39,576 at the date of transition of 1 January 2014. As at 31 December 2014 the interest rate swaps were valued at £244,579 and have been included within creditors in the restated comparatives. This has led to a charge to the profit and loss account of £205,003 for the year ended 31 December 2014.

Deferred tax on revalued land and buildings

Under old UK GAAP, no deferred tax was recognised on revalued land and buildings. However, under FRS 102, a deferred tax liability on revalued land and buildings has been recognised.

As at the date of transition, deferred tax on revalued investment properties amounted to £1,875,900. As at 31 December 2014, the deferred tax on the revalued investment properties amounted to £1.7m. This led to a credit to the profit and loss account of £175,900 for the year ended 31 December 2014.

Reserves transfer

As noted above, land & buildings freehold have been reclassified as investment properties. Under FRS 102, any changes in the fair value of investment properties are charged or credited to the profit and loss account.

The impact of this has been to transfer the revaluation reserve of £19.7m to the profit and loss reserve at the date of transition.

As at the date of transition, as noted above, a deferred tax provision has been provided for on revalued investment properties of £1,875,900 and a provision for interest rate swaps of £39,576 has been provided for.

The net impact of this on the profit and loss reserve at the date of transition has been to increase the profit and loss reserve by £17,840,961.