

Company Registration No. 01248371 (England and Wales)

INDUSTRIAL CHEMICALS GROUP LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

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COMPANIES HOUSE



INDUSTRIAL CHEMICALS GROUP LIMITED

DIRECTORS AND ADVISERS

Directors	J W Carver AR Carver CD Carver EJ Strang
Secretary	BJ Lowthian
Company number	01248371
Registered office	Titan Works Hogg Lane Grays Essex RM17 5DU
Registered auditors	Bird 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

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INDUSTRIAL CHEMICALS GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present the strategic report and financial statements for the year ended 31 December 2014.

Principal activities

The principal activity of the company continued to be that of a holding company. The principal activities of the company's subsidiaries continued to be that of a manufacturer of chemicals (flocculants, and detergents), but also with our purpose built filtration, milling, spray drying and packed distribution operations we are able to offer a wide variety of chemical solutions to most industries.

Review of the business

The directors are pleased to report a strong performance for Industrial Chemicals Limited in 2014. We made good progress in all of our main markets, benefiting from our commitment to investment in long term UK manufacturing and our strategy for organic growth, complemented by our continued investment in advanced research and development.

As a result we saw group Operating profits improve dramatically to £3.2 million (3.52% of sales), compared to a prior year of Operating losses of £0.4m (0.45% of sales).

Turnover remained strong, as we retained a number of significant contracts within the water treatment industry within the year, underpinning our business strategy, whilst also securing additional contracts which have provided a strong base for 2015.

The group has continued to invest and develop its capabilities in speciality chemicals (Packed division), which have also helped to improve turnover and profitability.

Gross profit margin improved, in what continues to be a recovering UK economy with strong domestic and international competition. Material costs were a key driver in this performance, benefiting from the return to operation of our Chlor Alkali plant, which became operational in January 2014, with full production achieved in May 2014.

Cashflows have continued to improve throughout the year, as we have seen the benefits of the Chlor Alkali plant feed through into our production costs. But the delay in the receipt of the insurance proceeds from the incident at the Chlor Alkali plant in 2013 adversely impacted on cashflow.

The insurance claim of £1.1m was agreed as full settlement in the year, for the above outstanding claim and two smaller claims. An initial payment of £600,000 was received in December 2014 and £53,000 credit of the fees. The remaining claim settlement was paid in March 2015.

We are pleased to report that we satisfied all banking covenants under the Lloyds Banking facility for the year and directors would like to thank Lloyds Banking Group for their continued support through 2014.

INDUSTRIAL CHEMICALS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

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 year, with the addition of our new head of health, safety and environmental, and a number of positive programmes that have been introduced. We will continue to build on the good work achieved as we move into 2015.

Within the year the directors announced a number of changes to the management structure.

Edwin Strang was promoted to a new post of Managing Director, reporting to the Board of Directors in Industrial Chemicals Group Limited. Edwin joined the group as CFO / Group Finance Director in March 2012 and he will be supported by a strong team, with extensive experience and huge commitment.

Andy Bolland was promoted to a new post as Associate Director - Sales, with responsibility for Sales & Marketing. He has extensive knowledge of the markets in which Industrial Chemicals Limited operate and meeting customer needs.

John Bolland was promoted to a new post as Associate Director - Engineering, with responsibility for the design, construction, maintenance and repair of equipment across the business. John has extensive experience and qualifications in this area and will ensure that our infrastructure meets current and future requirements.

Paul Cousins was promoted to a new post as Associate Director - Operations, with responsibility for the production, site management and imports on Industrial Chemicals Limited's UK sites. He has extensive knowledge of the production process and vast experience in meeting the needs of the expanding customer base for bulk and packaged product.

Steven Swaby was promoted to a new post of Head of Finance, with responsibility for Finance, Human Resources and Business Systems. Steven joined the group in May 2013 and has brought extensive operational and finance experience from his previous employment.

The Carver family will remain actively involved in the business and will support the new management team. However they will focus on group strategy and development, assisted by John Carver Jnr and Richard Carver.

These changes have been made in recognition of the growing business and market requirements. The new management structure will support this business growth, whilst ensuring continuous improvement in customer service and driving innovation.

The Board of Directors for the parent company, Industrial Chemicals Group Limited, will remain unchanged.

The outlook 2015

The outlook for 2015 is strong, with the expectation that we will start to see the benefit of a number of new contracts which have provided a strong base for 2015, aligned with our focus on efficiency, productivity and value for money across the UK.

The directors would like to thank our customers, suppliers, other trading partners and staff for their support through the year.

INDUSTRIAL CHEMICALS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

Principal risk and uncertainties facing the group

Economic uncertainty

The UK economy and the duration and severity of the continuing global economic uncertainty, especially within Europe are a concern for the group. The continuity of the customer demand for group's products is contingent upon the maintenance of global business confidence.

The group supplies predominantly long 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 also prepares strategic plans to review demand in existing markets and potential new opportunities on a regular basis.

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 to push the innovation of its existing product portfolios through research and development, supporting the current customer base to ensure the product range remains compliant with legislation and cost effective for all stakeholders.

Coupled with continued research and development spending on new products and exploration of opportunities to remove costs, innovate on service from the existing supply base will aid mitigation of this risk.

Failure of significant sites

Whilst the group operates from a variety of locations, including the U.S., certain sites are critical due to their scale or specific nature of their production activities. Failure of a critical site could significantly impact on 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 sites to ensure continued market supply. The group has also invested in inventory of critical plant and machinery replacement units to further mitigate against this risk.

Systems failure

The group uses a wide variety of complex IT systems in operational and supporting activities. Failure of one or more of the major IT systems over an extended period could impact on the ability to manufacture or to report operational performance.

The group continuously reviews IT infrastructure and environment to ensure that it is appropriate. IT disaster recovery and general business continuity plans are in place and are regularly tested and reviewed 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 2014

Sales and Gross Profit growth per annum

	2012	2013	2014
Turnover £	87,144,633 (100%)	93,934,960 (108%)	91,541,932 (97%)
Gross Profit £	30,439,918 (35%)	36,095,846 (38%)	36,609,373 (40%)

Turnover by geographical region

	2012	2013	2014
United Kingdom £	73,360,842 (100%)	80,579,275 (110%)	79,814,398 (99%)
European Union £	9,389,276 (100%)	9,031,195 (96%)	7,976,183 (88%)
Rest of World £	4,394,515 (100%)	4,324,490 (98%)	3,751,351 (87%)
Total £	87,144,633 (100%)	93,934,960 (108%)	91,541,932 (97%)

Stocks and debtors profile

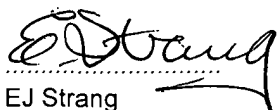
	2012	2013	2014
Raw materials £	2,416,534 (100%)	2,030,708 (84%)	2,032,276 (100%)
Finished goods £	1,837,609 (100%)	1,854,936 (101%)	2,819,425 (152%)
Trade Debtors £	12,956,084 (100%)	11,783,796 (91%)	11,304,203 (96%)
Debtor Days (DSO)	54	46	45

INDUSTRIAL CHEMICALS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

On behalf of the board



EJ Strang

Director

25/2/15

INDUSTRIAL CHEMICALS GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and financial statements for the year ended 31 December 2014.

Results and dividends

The consolidated profit and loss account for the year is set out on page 12.

An interim ordinary dividend was paid amounting to £600,000. The directors do not recommend payment of a final dividend.

The directors do not recommend payment of a preference dividend.

Group research and development activities

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.

During the prior year under review the group experienced three incidents, which did not result in serious injury but disrupted operations and resulted in a fine for a single breach of the Health & Safety at Work Act. The incidents re-focused management on best practice health and safety processes, with significant resources being applied in this area, including the appointment of an experienced and well qualified Health, Safety & Environmental Manager.

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.

Directors

The following directors have held office since 1 January 2014:

J W Carver
AR Carver
CD Carver
EJ Strang

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.

INDUSTRIAL CHEMICALS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

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 monitoring, 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, with a number of internal promotions within 2014. 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.

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.

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

INDUSTRIAL CHEMICALS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

Financial instruments

Treasury operations and financial instruments

The group operates a centralised 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 group 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.

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.

Auditors

The auditors, Bird Luckin Limited, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

INDUSTRIAL CHEMICALS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

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:

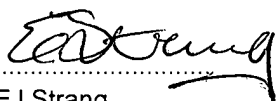
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors 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 group's auditors are aware of that information.

On behalf of the board



EJ Strang

Director

23/7/15

INDUSTRIAL CHEMICALS GROUP LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF INDUSTRIAL CHEMICALS GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Industrial Chemicals Group Limited for the year ended 31 December 2014 set out on pages 12 to 36. 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).

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 auditors' 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 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 parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDUSTRIAL CHEMICALS GROUP LIMITED

INDEPENDENT AUDITORS' 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 Bird Luckin Limited

30 July 2015

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 2014

	Notes	2014 £	2013 £
Turnover	2	91,541,932	93,934,960
Cost of sales		(54,932,559)	(57,839,114)
Gross profit		36,609,373	36,095,846
Distribution costs		(14,231,156)	(17,493,838)
Administrative expenses		(19,159,607)	(19,510,683)
Other operating income		-	487,997
Operating profit/(loss)	3	3,218,610	(420,678)
Profit on disposal of fixed assets	5	-	2,200,000
Restructuring and incident costs	5	156,704	(4,335,156)
Profit/(loss) on ordinary activities before interest		3,375,314	(2,555,834)
Other interest receivable and similar income		8,733	918
Interest payable and similar charges	4	(1,088,264)	(1,787,478)
Profit/(loss) on ordinary activities before taxation		2,295,783	(4,342,394)
Tax on profit/(loss) on ordinary activities	6	(108,701)	205,494
Profit/(loss) on ordinary activities after taxation		2,187,082	(4,136,900)

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

INDUSTRIAL CHEMICALS GROUP LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 £	2013 £
Profit/(loss) for the financial year	2,187,082	(4,136,900)
Unrealised deficit on revaluation of properties	-	(2,333,823)
	2,187,082	(6,470,723)
Currency translation differences on foreign currency net investments	(275,611)	184,627
Total recognised gains and losses relating to the year	1,911,471	(6,286,096)

Note of historical cost profits and losses

	2014 £	2013 £
Reported profit/(loss) on ordinary activities before taxation	2,295,783	(4,342,394)
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	195,613	132,500
Historical cost profit/(loss) on ordinary activities before taxation	2,491,396	(4,209,894)
Historical cost profit/(loss) for the year retained after taxation, extraordinary items and dividends	1,782,695	(4,004,400)

INDUSTRIAL CHEMICALS GROUP LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2014

	Notes	Group 2014 £	2013 £	Company 2014 £	2013 £
Fixed assets					
Intangible assets	9	433,333	953,334	433,333	953,334
Tangible assets	10	69,233,173	70,422,179	67,280,051	67,867,389
Investments	11	-	-	4	4
		<u>69,666,506</u>	<u>71,375,513</u>	<u>67,713,388</u>	<u>68,820,727</u>
Current assets					
Stocks	12	4,851,701	3,885,644	-	-
Debtors	13	16,348,437	20,815,600	9,936,000	13,752,502
Cash at bank and in hand		394,883	668,578	-	203,721
		<u>21,595,021</u>	<u>25,369,822</u>	<u>9,936,000</u>	<u>13,956,223</u>
Creditors: amounts falling due within one year	14	(25,667,644)	(30,367,111)	(21,992,134)	(25,696,465)
Net current liabilities		<u>(4,072,623)</u>	<u>(4,997,289)</u>	<u>(12,056,134)</u>	<u>(11,740,242)</u>
Total assets less current liabilities		<u>65,593,883</u>	<u>66,378,224</u>	<u>55,657,254</u>	<u>57,080,485</u>
Creditors: amounts falling due after more than one year	15	(26,233,557)	(27,854,033)	(26,233,557)	(27,854,033)
Provisions for liabilities	16	(276,000)	(751,336)	(366,000)	(735,000)
		<u>39,084,326</u>	<u>37,772,855</u>	<u>29,057,697</u>	<u>28,491,452</u>
Capital and reserves					
Called up share capital	18	7,060,000	7,060,000	7,060,000	7,060,000
Revaluation reserve	19	19,756,437	19,756,437	19,756,437	19,756,437
Profit and loss account	19	12,267,889	10,956,418	2,241,260	1,675,015
Shareholders' funds	20	<u>39,084,326</u>	<u>37,772,855</u>	<u>29,057,697</u>	<u>28,491,452</u>

Approved by the Board and authorised for issue on 23/7/15


J W Carver
Director

Company Registration No. 01248371

INDUSTRIAL CHEMICALS GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	£	2014 £	£	2013 £
Net cash inflow from operating activities		7,131,884		3,716,158
Returns on investments and servicing of finance				
Interest received	8,733		918	
Interest paid	(1,088,264)		(1,787,478)	
Net cash outflow for returns on investments and servicing of finance		(1,079,531)		(1,786,560)
Taxation		-		376,940
Capital expenditure				
Payments to acquire tangible assets	(3,922,163)		(4,949,377)	
Receipts from sales of tangible assets	15,000		4,000,000	
Net cash outflow for capital expenditure		(3,907,163)		(949,377)
Equity dividends paid		(600,000)		-
Net cash inflow before management of liquid resources and financing		1,545,190		1,357,161
Financing				
New long term bank loan	-		27,500,000	
Other new long term loans	125,717		-	
Repayment of long term bank loan	(1,500,000)		(27,613,215)	
Repayment of other long term loans	-		(92,078)	
Capital element of hire purchase and finance lease contracts	(231,840)		(632,514)	
Net cash outflow from financing		(1,606,123)		(837,807)
(Decrease)/increase in cash in the year		(60,933)		519,354

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

1	Reconciliation of operating profit/(loss) to net cash inflow from operating activities		2014	2013
			£	£
	Operating profit/(loss)		3,218,610	(420,678)
	Depreciation of tangible assets		5,271,995	5,036,584
	Amortisation of intangible assets		520,001	520,000
	Profit on disposal of tangible assets		(15,000)	
	Increase/decrease in stocks		(966,057)	368,499
	Decrease/(increase) in debtors		4,467,163	(2,831,642)
	(Decrease)/increase in creditors within one year		(5,086,058)	5,255,685
	Net effect of foreign exchange differences		(435,474)	122,866
	Exceptional items		156,704	(4,335,156)
	Net cash inflow from operating activities		7,131,884	3,716,158

2	Analysis of net debt	1 January 2014	Cash flow	Other non-cash changes	31 December 2014
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	668,578	(273,695)	-	394,883
	Bank overdrafts	(4,366,991)	212,762	-	(4,154,229)
		(3,698,413)	(60,933)	-	(3,759,346)
	Finance leases	(751,310)	231,840	-	(519,470)
	Debts falling due within one year	(3,000,000)	-	-	(3,000,000)
	Debts falling due after one year	(27,337,263)	1,374,283	-	(25,962,980)
		(31,088,573)	1,606,123	-	(29,482,450)
	Net debt	(34,786,986)	1,545,190	-	(33,241,796)

3	Reconciliation of net cash flow to movement in net debt	2014	2013
		£	£
	(Decrease)/increase in cash in the year	(60,933)	519,354
	Cash outflow from decrease in debt	1,606,123	837,807
	Movement in net debt in the year	1,545,190	1,357,161
	Opening net debt	(34,786,986)	(36,144,147)
	Closing net debt	(33,241,796)	(34,786,986)

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

4 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 trading activities of these two companies as necessary to enable them to continue trading as a going concern.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.2 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2014. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Goodwill and licences

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.5 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

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

1.7 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies

(Continued)

1.9 Stock

Stock is valued at the lower of cost and net realisable value.

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 the 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 on going 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.

1.10 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.11 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Deferred tax assets are recognised to the extent that future taxable profits will be available from which the reversal of the underlying timing differences can be utilised. Deferred tax assets are not discounted.

1.12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.13 Management charges

Appropriate overheads are apportioned between the trading companies.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

2 Turnover

(Continued)

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2014 £	2013 £
Geographical segment		
United Kingdom	79,814,398	80,579,275
European Union	7,976,183	9,031,195
Non European Union	3,751,351	4,324,490
	<u>91,541,932</u>	<u>93,934,960</u>

3 Operating profit/(loss)

2014
£

2013
£

Operating profit/(loss) is stated after charging:

Amortisation of intangible assets	520,001	520,000
Depreciation of tangible assets	5,271,995	5,036,584
Loss on foreign exchange transactions	(434,729)	169,033
Research and development	67,218	30,054
Operating lease rentals	1,177,282	867,089
Profit on disposal of tangible assets	(15,000)	(2,200,000)
	<u></u>	<u></u>

Auditors' remuneration

Fees payable to the group's auditor for the audit of the group's annual accounts (company £35,500; 2013: £45,522)

Taxation	73,595	140,428
Other	8,500	8,996
	10,878	4,930
	<u>92,973</u>	<u>154,354</u>

4 Interest payable

2014
£

2013
£

On bank loans and overdrafts	1,043,682	1,742,598
On other loans wholly repayable within five years	5,168	(10,079)
Hire purchase interest	39,414	54,959
	<u>1,088,264</u>	<u>1,787,478</u>

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

5	Exceptional items	2014 £	2013 £
	Profit on disposal of fixed assets	-	2,200,000
	Loss on long-term contract	-	(1,385,285)
	Restructuring costs	(150,398)	(983,230)
	Incident costs	307,102	(1,966,641)
		<u>156,704</u>	<u>(2,135,156)</u>

5.1 Profit on disposal of fixed assets

During the prior year, the company sold a fixed asset for proceeds of £5,000,000 and made a profit on disposal of £3,200,000. The company incurred commission costs of £1,000,000 in connection with the sale, and therefore made a net gain of £2,200,000.

5.2 Loss on long-term contract

In connection with the sale of the fixed asset noted above, the company entered into a separate contract with the buyer to dismantle the plant and arrange for it to be transported to the customer.

As this contract spanned the prior year end, a proportion of revenue and costs had been recognised in the prior year according to the stage of completion of the contract. The contract had made a loss and therefore the full loss had also been recognised in the prior year.

The proportion of revenue recognised in the prior year amounted to £487,997 and is shown in other operating income. The proportion of costs and the full loss recognised in the prior year totalled £1,385,285.

5.3 Restructuring costs

During the prior year the company refinanced its bank facilities and loans with Lloyds Bank. The company incurred exit costs and associated costs in connection with this refinancing totalling £150,398 in the current year and £983,230 in the prior year.

5.4 Incident costs

During the prior year, the group suffered from three separate incidents. The first related to a fire at the Chlor Alkali plant. The second incident involved a tank collapse at one of the group's sites. The third incident related to an explosion at the Chlor Alkali plant.

No one was injured in any of these incidents and all three incidents led to separate insurance claims. On reviewing the claims with the insurers and the insurance brokers, it had become evident that the insurance company was seeking to rely on exclusions in the insurance policy and therefore the final settlement offered was significantly less than the total costs incurred in relation to the three separate incidents.

The total insurance proceeds accrued for in the prior year amounted to £893,000. A final settlement was reached during the year for £1.1m. The balance of the costs in connection with these incidents had been written off in the prior year. The fixed assets destroyed or damaged as a result of these incidents were replaced on a like for like basis.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

(Continued)

The total costs as charged to the profit and loss account in the prior year totalled £1,966,641.

6 Taxation	2014 £	2013 £
Domestic current year tax		
U.K. corporation tax	585,000	-
Total current tax	<u>585,000</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(476,299)	(205,494)
	<u>(476,299)</u>	<u>(205,494)</u>
	<u>108,701</u>	<u>(205,494)</u>
Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	<u>2,295,783</u>	<u>(4,342,394)</u>
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23% (2013 - 20%)	<u>528,030</u>	<u>(868,479)</u>
Effects of:		
Non deductible expenses	194,923	502,765
Depreciation add back	1,304,115	568,957
Capital allowances	(1,146,939)	(981,453)
Unrelieved tax losses	-	778,210
Marginal relief	(41,017)	-
Losses utilised	(259,064)	-
Other tax adjustments	4,952	-
	<u>56,970</u>	<u>868,479</u>
Current tax charge for the year	<u>585,000</u>	<u>-</u>

The group has estimated losses of £ 5,625,000 (2013 - £ 6,310,000) available for carry forward against future trading profits.

The group has a deferred tax asset of £181,000 for which it has not provided for as its recoverability remains uncertain.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

7 Profit/(loss) for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit/(loss) for the financial year is made up as follows:

	2014 £	2013 £
Holding company's profit/(loss) for the financial year	1,166,245	(1,752,141)

8 Dividends

	2014 £	2013 £
Ordinary interim paid	600,000	-

9 Intangible fixed assets Company and Group

	Goodwill and licences £
Cost	
At 1 January 2014 & at 31 December 2014	2,600,000
Amortisation	
At 1 January 2014	1,646,666
Charge for the year	520,001
At 31 December 2014	2,166,667
Net book value	
At 31 December 2014	433,333
At 31 December 2013	953,334

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

10 Tangible fixed assets

Group	Land and buildings Freehold	Property renovations	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2014	41,593,848	2,877,268	89,612,778	7,039,505	141,123,399
Exchange differences	28,894	-	931,271	4,253	964,418
Additions	479,171	-	3,401,822	41,170	3,922,163
Disposals	-	-	-	(1,244,354)	(1,244,354)
At 31 December 2014	42,101,913	2,877,268	93,945,871	5,840,574	144,765,626
Depreciation					
At 1 January 2014	2,134,889	1,340,379	61,532,814	5,693,138	70,701,220
Exchange differences	(103)	-	800,049	3,646	803,592
On disposals	-	-	-	(1,244,354)	(1,244,354)
Charge for the year	268,726	56,728	4,505,545	440,996	5,271,995
At 31 December 2014	2,403,512	1,397,107	66,838,408	4,893,426	75,532,453
Net book value					
At 31 December 2014	39,698,401	1,480,161	27,107,463	947,148	69,233,173
At 31 December 2013	39,458,959	1,536,889	28,079,964	1,346,367	70,422,179

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 £39,000,000.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

10 Tangible fixed assets

(Continued)

Tangible fixed assets

Company

	Land and buildings Freehold	Property renovations	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2014	41,067,444	2,877,268	68,817,051	6,955,568	119,717,331
Additions	479,171	-	3,394,594	41,170	3,914,935
Disposals	-	-	-	(1,244,354)	(1,244,354)
At 31 December 2014	41,546,615	2,877,268	72,211,645	5,752,384	122,387,912
Depreciation					
At 1 January 2014	1,989,792	1,340,379	42,896,570	5,623,201	51,849,942
On disposals	-	-	-	(1,244,354)	(1,244,354)
Charge for the year	268,726	56,728	3,736,464	440,355	4,502,273
At 31 December 2014	2,258,518	1,397,107	46,633,034	4,819,202	55,107,861
Net book value					
At 31 December 2014	39,288,097	1,480,161	25,578,611	933,182	67,280,051
At 31 December 2013	39,077,652	1,536,889	25,920,481	1,332,367	67,867,389

Comparable historical cost for the land and buildings included at valuation:

Company and Group

£

Cost

At 1 January 2014	21,261,267
Additions	479,171
At 31 December 2014	21,740,438

Depreciation based on cost

At 1 January 2014	1,166,500
Charge for the year	73,113
At 31 December 2014	1,239,613

Net book value

At 31 December 2014	20,500,825
At 31 December 2013	20,094,767

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

10 Tangible fixed assets

(Continued)

Included in both company and group fixed assets are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery £	Motor vehicles £	Total £
Net book values			
At 31 December 2014	32,027	479,655	511,682
At 31 December 2013	32,695	477,706	510,401
	<u> </u>	<u> </u>	<u> </u>
Depreciation charge for the year			
31 December 2014	667	225,524	226,191
31 December 2013	667	225,524	226,191
	<u> </u>	<u> </u>	<u> </u>

11 Fixed asset investments

Company

	Unlisted investments £	Shares in group undertakings £	Total £
Cost or valuation			
At 1 January 2014 & at 31 December 2014	8,000,000	1,102	8,001,102
	<u> </u>	<u> </u>	<u> </u>
Provisions for diminution in value			
At 1 January 2014 & at 31 December 2014	8,000,000	1,098	8,001,098
	<u> </u>	<u> </u>	<u> </u>
Net book value			
At 31 December 2014	-	4	4
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2013	-	4	4
	<u> </u>	<u> </u>	<u> </u>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

11 Fixed asset investments

(Continued)

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Industrial Chemicals Limited	England & Wales	Ordinary	100.00
Industrial Chemicals (US) Limited	England & Wales	Ordinary & Preference	100.00
Industrial Zeolite (US) Limited	England & Wales	Ordinary	100.00

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Industrial Chemicals Limited	Chemical manufacturer and merchants
Industrial Chemicals (US) Limited	Chemical manufacturer and merchants
Industrial Zeolite (US) Limited	Not trading

12 Stocks

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Raw materials and consumables	2,032,276	2,030,708	-	-
Finished goods and goods for resale	2,819,425	1,854,936	-	-
	<u>4,851,701</u>	<u>3,885,644</u>	<u>-</u>	<u>-</u>

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

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

13 Debtors

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	11,304,203	11,783,796	-	-
Amounts owed by group undertakings	-	-	5,825,504	5,460,400
Other debtors	2,716,305	6,837,525	2,555,496	6,775,014
Prepayments and accrued income	2,327,929	2,194,279	1,555,000	1,517,088
	<u>16,348,437</u>	<u>20,815,600</u>	<u>9,936,000</u>	<u>13,752,502</u>

Amounts falling due after more than one year and included in the debtors above are:

	2014	2013	2014	2013
	£	£	£	£
Amounts owed by group undertakings	-	-	5,825,504	5,460,400
	<u>-</u>	<u>-</u>	<u>5,825,504</u>	<u>5,460,400</u>

14 Creditors : amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdrafts	7,154,229	7,366,991	3,113,456	3,000,000
Net obligations under finance lease and hire purchase contracts	248,893	234,540	248,893	234,540
Trade creditors	9,287,475	13,189,478	786,784	996,573
Amounts owed to group undertakings	-	-	14,135,008	16,655,355
Corporation tax	585,000	-	162,000	-
Other taxes and social security costs	1,380,027	1,238,051	13,201	21,938
Other creditors	3,343,670	3,386,984	2,548,806	2,530,280
Accruals and deferred income	3,668,350	4,951,067	983,986	2,257,779
	<u>25,667,644</u>	<u>30,367,111</u>	<u>21,992,134</u>	<u>25,696,465</u>

The group operates 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.

Net obligations under finance lease and hire purchase contracts are secured by a fixed charge on the assets to which they relate.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

15 Creditors : amounts falling due after more than one year

	Group 2014 £	2013 £	Company 2014 £	2013 £
Bank loans	23,000,000	24,500,000	23,000,000	24,500,000
Other loans	2,962,980	2,837,263	2,962,980	2,837,263
Net obligations under finance leases and hire purchase agreements	270,577	516,770	270,577	516,770
	<u>26,233,557</u>	<u>27,854,033</u>	<u>26,233,557</u>	<u>27,854,033</u>
Analysis of loans				
Wholly repayable within five years	28,962,980	30,337,263	28,962,980	30,337,263
Included in current liabilities	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
	<u>25,962,980</u>	<u>27,337,263</u>	<u>25,962,980</u>	<u>27,337,263</u>
Loan maturity analysis				
In more than one year but not more than two years	3,000,000	3,000,000	3,000,000	3,000,000
In more than two years but not more than five years	20,000,000	21,500,000	20,000,000	21,500,000

Lloyds Bank advanced a new loan of £750,000 at 30 September 2014 and a further £750,000 at 31 December 2014. This was achieved by waiving two repayment instalments and extending the initial loan term to 30 June 2019 from 31 December 2018. The funds were available to facilitate the planned £750,000 loan repayments in September and December 2014. This additional funding was made available to facilitate faster implementation of earnings accretive projects as management capitalised on opportunities and to drive and improve efficiency and profitability.

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

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

Net obligations under finance leases and hire purchase contracts

Repayable within one year	248,893	234,540	248,893	234,540
Repayable between one and five years	270,577	516,770	270,577	516,770
	<u>519,470</u>	<u>751,310</u>	<u>519,470</u>	<u>751,310</u>
Included in liabilities falling due within one year	(248,893)	(234,540)	(248,893)	(234,540)
	<u>270,577</u>	<u>516,770</u>	<u>270,577</u>	<u>516,770</u>

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

16 Provisions for liabilities

Group

Deferred taxation £

Balance at 1 January 2014	751,336
Profit and loss account	(476,299)
Exchange differences	963
Balance at 31 December 2014	276,000

Company

Balance at 1 January 2014	735,000
Profit and loss account	(369,000)
Balance at 31 December 2014	366,000

The deferred tax liability is made up as follows:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Accelerated capital allowances	1,412,000	1,347,409	1,412,000	1,178,000
Other timing differences	(90,000)	-	-	-
Tax losses available	(1,046,000)	(596,074)	(1,046,000)	(443,000)
	276,000	751,336	366,000	735,000

In accordance with FRS 19, no provision has been made for deferred tax on the properties that the company has no intention of selling. Such tax would become payable only if the land and buildings were sold without it being possible to claim rollover relief. If no rollover relief were available, the tax due would be approximately £2.2m.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

17 Retirement Benefits

Defined contribution scheme

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund. Contributions totalling £47,717 (2013: £51,343) were payable to the fund at the year end and are included in creditors.

	2014 £	2013 £
Contributions payable by the group for the year	220,778	95,495
18 Share capital	2014 £	2013 £
Allotted, called up and fully paid		
60,000 Ordinary shares of £1 each	60,000	60,000
7,000,000 Preference shares of £1 each	7,000,000	7,000,000
	<u>7,060,000</u>	<u>7,060,000</u>

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

19 Statement of movements on reserves Group

	Revaluation reserve £	Profit and loss account £
Balance at 1 January 2014	19,756,437	10,956,418
Profit for the year	-	2,187,082
Foreign currency translation differences	-	(275,611)
Dividends paid	-	(600,000)
Balance at 31 December 2014	<u>19,756,437</u>	<u>12,267,889</u>

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

19 Statement of movements on reserves

(Continued)

Company

	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 January 2014	19,756,437	1,675,015
Profit for the year	-	1,166,245
Dividends paid	-	(600,000)
Balance at 31 December 2014	19,756,437	2,241,260

20 Reconciliation of movements in shareholders' funds

Group	2014 £	2013 £
Profit/(loss) for the financial year	2,187,082	(4,136,900)
Dividends	(600,000)	-
	1,587,082	(4,136,900)
Other recognised gains and losses	(275,611)	(2,149,196)
Net addition to/(depletion in) shareholders' funds	1,311,471	(6,286,096)
Opening shareholders' funds	37,772,855	44,058,951
Closing shareholders' funds	39,084,326	37,772,855

Company	2014 £	2013 £
Profit/(Loss) for the financial year	1,166,245	(1,752,141)
Dividends	(600,000)	-
	566,245	(1,752,141)
Other recognised gains and losses	-	(2,333,823)
Net addition to/(depletion in) shareholders' funds	566,245	(4,085,964)
Opening shareholders' funds	28,491,452	32,577,416
Closing shareholders' funds	29,057,697	28,491,452

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

21 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 £4,019,547 (2013: £4,352,308) 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.

After the year end, one of the subsidiary company's has a routine HM Revenue & Customs visit in respect of import duty and VAT. As a result of the visit, HM Revenue & Customs are claiming additional import duty and VAT are due on certain transactions totalling £182,000, as a result of an administrative error. The company are appealing against this amount being due as the directors believe the correct amount of duty and VAT has been paid on these transactions. The outcome of the appeal and therefore any final amount that may or may not be due remains uncertain and therefore no provision has been made for this amount.

22 Financial commitments

At 31 December 2014 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
Expiry date:				
Within one year	150,000	150,000	189,893	123,879
Between two and five years	-	-	634,375	771,000
In over five years	26,208	26,214	112,500	112,501
	<u>176,208</u>	<u>176,214</u>	<u>936,768</u>	<u>1,007,380</u>

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
Expiry date:				
Within one year	150,000	150,000	183,962	123,879
Between two and five years	-	-	634,375	758,196
	<u>150,000</u>	<u>150,000</u>	<u>818,337</u>	<u>882,075</u>

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

23	Directors' remuneration	2014 £	2013 £
	Remuneration for qualifying services	174,317	573,198
	Company pension contributions to defined contribution schemes	2,431	-
		<u>176,748</u>	<u>573,198</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2013 - 0).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>124,490</u>
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24 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2014 Number	2013 Number
Directors	4	4
Administration	75	75
Production, transport and maintenance	290	279
	<u>369</u>	<u>358</u>

Employment costs

	2014 £	2013 £
Wages and salaries	13,310,419	13,565,185
Social security costs	1,323,476	917,025
Other pension costs	220,778	95,495
	<u>14,854,673</u>	<u>14,577,705</u>

25 Control

For both the current and prior 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.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2014

26 Related party relationships and transactions

The group has taken advantage of the exemption available in FRS 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared.

As at 31 December 2014, the company owed £14,133,836 (2013: £16,649,183) to Industrial Chemicals Limited, a subsidiary company. The balance is included within creditors in note 14 to the financial statements.

As at 31 December 2014, the company was owed £5,825,504 (2013: £5,460,400) by Industrial Chemicals (US) Limited, a subsidiary company. The balance is included within debtors in note 13 to the financial statements.

As at 31 December 2014, the company owed £1,172 (2013: £6,172) to Industrial Zeolite (US) Limited, a subsidiary company. The balance is included within creditors in note 14 to the financial statements.

As at 31 December 2014, the company was owed £15,000 (2013: £15,000) by London Iron Limited, a related company. The balance is included within debtors in note 13 to the financial statements. 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 £1,123,461 (2013: £683,622) by London Iron Limited, for services rendered. At the year end Industrial Chemicals Limited owed £107,884 (2013: £81,156) to London Iron Limited.

During the year rent of £344,700 (2013: £344,700) and management charges of £84,000 (2013: £77,825) were charged to Titan Truck Park Limited, a related party, by the company. In addition, the company also incurred expenditure of £547,953 (2013: £952,916) on behalf of Titan Truck Park Limited, all of which has been recharged in the year. At the year end the company owed £1,689,856 (2013: £1,604,327) to Titan Truck Park Limited. The balance is included within creditors in note 14 to the financial statements. Titan Truck Park Limited is a related party by virtue of common ultimate shareholders and controlling directors.

As at 31 December 2014, the company was owed £522,181 (2013: £522,181) by Ingatestone Developments Limited, a related party. The balance is included within debtors in note 13 to the financial statements. During the year the company was charged £nil (2013: £37,098) by Ingatestone Developments Limited, for services rendered. Ingatestone Developments Limited is a company controlled by the wife of a director.

During the year Industrial Chemicals Limited was charged £84,296 (2013: £23,673) by Ingatestone Developments Limited, for services rendered. At the balance sheet date Industrial Chemicals Limited owed £23,400 (2013: Nil) to Ingatestone Developments Limited.

During the year the company paid rents of £12,000 (2013: £12,000) to Jubillmeyer Limited, a related party. At the year end the company was owed £169,909 (2013: £170,681) by Jubillmeyer Limited. The balance is included within debtors in note 13 to the financial statements. Jubillmeyer Limited is a company controlled by one of the directors, JW Carver.

During the year, Industrial Chemicals Limited paid expenses of £6,228 (2013: £8,568) on behalf of Jubillmeyer Limited.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

26 Related party relationships and transactions

(Continued)

During the year the company paid expenses of £15,101 (2013: £6,973) on behalf of DMCM Limited, all of which were recharged in the year. In addition, the company paid rents of £150,000 (2013: £150,000) to DMCM Limited. At the year end the company was owed £1,723,299 (2013: £1,858,198) by DMCM Limited. The balance is included within debtors in note 13 to the financial statements. DMCM Limited is a related party by virtue of common ultimate shareholders and controlling directors.

During the year Industrial Chemicals Limited paid expenses of £30,101 (£61,303) on behalf of DMCM Limited.

At the year end the company owed £88,383 (2013: £343,461) to JW Carver, £1,497,281 (2013: £1,303,258) to CD Carver and £1,377,314 (2013: £1,190,544) to AR Carver. These amounts are included in creditors in note 15 to the financial statements. During the year, the company paid rent of £780,000 (2013: £780,000) to the directors and interest of £100,000, and dividends of £600,000 to the director/ shareholders equally.

At the year end, a balance of £24,435 (2013: £7,941) was due to Industrial Chemicals Limited from R Carver, the son of one of the directors and shareholders, and £2,922 (2013: £2,922) was due to the company from JW Carver Jnr, the son of one of the directors and shareholders.

At the year end the company owed £107,010 to J Carver Discretionary Trust, £108,120 to C Carver Discretionary Trust and £111,225 to A Carver Discretionary Trust. This is included in note 14 to the financial statements.

Provisions have been made against the above balances where applicable.