

BASF Agricultural Specialities Limited

Directors' Report and Financial Statements

Registered number 1639557

for the Year Ended 31 December 2016

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BASF Agricultural Specialities Limited
Directors' Report and Financial Statements
Registered Number 1639557
Year Ended 31 December 2016

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Strategic Report for the Year Ended 31 December 2016

The directors present their strategic report for the year ended 31 December 2016.

Principal activity

The principal activity of the company is the manufacture and sale of bio-fertilisers and bio-pesticides. The principle activities are not expected to change in the foreseeable future.

Fair review of the business

The directors consider the result for the year 2016 satisfactory with both sales performance and gross margins remaining consistently strong.

The company continues to invest in research and development activities with the Littlehampton site being the hub for continued development of nematode products within the wider BASF group. The company made a profit of £3,617,000 (2015:£1,536,000).

The company's key financial and other performance indicators during the year were as follows:

	Unit	2016	2015
Turnover	£000	15,767.00	9,855.00
Gross Profit Margin	%	43.00	45.00
Average Headcount		36.00	38.00
Current ratio (current assets as a % of current liabilities)		2.66	1.04

Comparing the respective 12 month periods to December, turnover increased from £9,855,000 to £15,767,000 representing growth of 60.0%.

The average headcount figure for the period remains broadly consistent with the prior year.

Strategic Report for the Year Ended 31 December 2016

Principal risks and uncertainties

The board of directors have identified the following risks and uncertainties as those which could have a significant impact on the performance of the company going forward:

- Inherent risks in BASF products of obsolescence due to competitors developing technically superior product.
- Raw material and energy costs are prone to increase and the company makes all efforts to pass onto the customer. Dependent on the market, selling price increases cannot always be attained.
- Risk of significant changes in currency exchange rates. The company maintains constant management review of foreign exchange exposure and the group's policy is to hedge these risks using forward exchange contracts which are entered into by BASF Societas Europaea.
- The triggering of Article 50 and starting the process of the UK leaving the EU, could impact the company in terms of changes in exchange rate and economic uncertainty. The company will therefore also face uncertainty over tariff free access to the single market, continued access to skilled labour, the supply of competitive and secure energy and regulatory consistency.

The company meets the legal requirements to manage these risks. Given the importance the company places on managing those risks, it also adheres to best practice and Chemical Industries Association Standards. There are regular risk assessment activities carried out on a site by site basis. Where corrective actions are required these are implemented and reviewed at the next internal audit. The production sites have to follow COMAH (Control Of Major Accident Hazards) regulations and are subject to Health and Safety Executive audits.

Approved by the Board on 16 June 2017 and signed on its behalf by:



H Koerner
Company secretary

Directors' Report for the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors of the company

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

G Gowling

S Hatton (resigned 11 May 2017)

R Carter (appointed 1 January 2016)

T Urwin

The following director was appointed after the year end:

K Harper (appointed 12 May 2017)

Dividends

The directors do not recommend the payment of a dividend (2015: £nil).

Financial Instruments

Objectives and policies

The company primarily finances its operations using borrowings, cash and liquid resources, trade debtors and creditors, debt and equity. These financial instruments all arise in the normal course of the company's operating activities.

Price risk, credit risk, liquidity risk and cash flow risk

The company does not engage in speculative activities using derivative financial instruments. Company cash reserves are pooled and managed centrally in order to ensure the best returns. The majority of borrowing is also within the BASF group, which results in lower financing costs.

Interest rate risk, liquidity risk and exchange risk are managed at a group level via a combination of BASF Services Europe GmbH and BASF SE, the company's ultimate parent. This reduces significantly the exposure of BASF Agricultural Specialities Limited to movements in the markets.

Employment of disabled persons

Applications for disabled employees are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Directors' Report for the Year Ended 31 December 2016

Employee involvement

Employee involvement and consultation is managed in a number of ways. The process of team briefings by line managers continues to be an important basis for ensuring good internal communications. These arrangements also promote a common awareness amongst employees of the financial and economic factors affecting the performance of their segments and the business. This is supplemented by both segmental and company-wide publications and an intranet.

Environmental matters

BASF use efficient processes while simultaneously protecting the environment, since we consume less resources as well as reducing emissions and waste.

New technologies for energy production and energy distribution are continuously being tested and evaluated to achieve an increase in the energy efficiency of our site.

Future developments

The expansion of fermentation operations at BASF Agricultural Specialities was completed at the end of 2015. The site is now in a position to meet the demand of an expanding market for Nematode products (biological pest control) and Rhizobium products (biological fertilizers). The site has scope for further expansion possibilities depending on growth in the markets and project approval. Currently any further expansion is projected to be in 2019 or 2020.

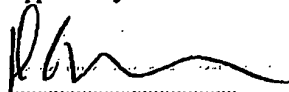
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

The auditors KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 16 June 2017 and signed on its behalf by:



H Koerner
Company secretary

Earl Road
Cheadle Hulme
Cheshire
SK8 6QG
England

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent Auditor's Report to the members of BASF Agricultural Specialities Limited

We have audited the financial statements of BASF Agricultural Specialities Limited for the year ended 31 December 2016, set out on pages 8 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements set out on page 5, 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 to the financial statements.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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 is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

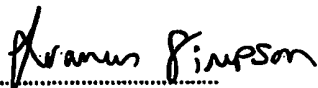
- we have not identified material misstatements in that report; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the members of BASF Agricultural Specialities Limited (continued)

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



Frances Simpson (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

Date: 26/6/2017

BASF Agricultural Specialities Limited
Directors' Report and Financial Statements
Registered Number 1639557
Year Ended 31 December 2016

Profit and Loss Account for the Year Ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
Turnover	3	15,767	9,855
Cost of sales		<u>(8,985)</u>	<u>(5,384)</u>
Gross profit		6,782	4,471
Distribution costs		(1,087)	(1,007)
Administrative expenses		(1,380)	(1,547)
Other operating income		<u>195</u>	<u>1</u>
Operating profit	4	<u>4,510</u>	<u>1,918</u>
Other interest receivable and similar income	5	128	1
Interest payable and similar charges	6	<u>(18)</u>	<u>(7)</u>
		<u>110</u>	<u>(6)</u>
Profit before tax		4,620	1,912
Taxation	10	<u>(1,003)</u>	<u>(376)</u>
Profit for the financial year		<u>3,617</u>	<u>1,536</u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

BASF Agricultural Specialities Limited
Directors' Report and Financial Statements
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Year Ended 31 December 2016

Statement of Comprehensive Income for the Year Ended 31 December 2016

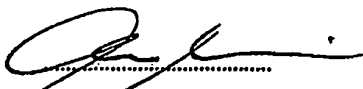
	Note	2016 £ 000	2015 £ 000
Profit for the year		<u>3,617</u>	<u>1,536</u>
Total comprehensive income for the year		<u><u>3,617</u></u>	<u><u>1,536</u></u>

BASF Agricultural Specialities Limited
Directors' Report and Financial Statements
Registered Number 1639557
Year Ended 31 December 2016

Balance Sheet as at 31 December 2016

	Note	2016 £ 000	2015 £ 000
Fixed assets			
Tangible assets	11	7,557	7,852
Current assets			
Stocks	12	2,847	3,944
Debtors falling due within one year	13	<u>3,332</u>	<u>1,928</u>
		6,179	5,872
Creditors: Amounts falling due within one year	14	<u>(2,321)</u>	<u>(5,854)</u>
Net current assets		<u>3,858</u>	<u>18</u>
Total assets less current liabilities		11,415	7,870
Provisions for liabilities	15	<u>(116)</u>	<u>(188)</u>
Net assets		<u>11,299</u>	<u>7,682</u>
Capital and reserves			
Called up share capital	17	-	-
Profit and loss account		<u>11,299</u>	<u>7,682</u>
Total equity		<u>11,299</u>	<u>7,682</u>

Approved and authorised by the Board on 16 June 2017 and signed on its behalf by:


T Urwin
Director

Statement of Changes in Equity for the Year Ended 31 December 2016

	Profit and loss account £ 000	Total £ 000
At 1 January 2015	6,146	6,146
Profit for the year	1,536	1,536
Total comprehensive income	1,536	1,536
At 31 December 2015	7,682	7,682
	Profit and loss account £ 000	Total £ 000
At 1 January 2016	7,682	7,682
Profit for the year	3,617	3,617
Total comprehensive income	3,617	3,617
At 31 December 2016	11,299	11,299

Notes to the Financial Statements for the Year Ended 31 December 2016

1 General information

The company is a private company limited by share capital incorporated in England.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102").

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Summary of disclosure exemptions

The company's ultimate parent undertaking, BASF Societas Europaea (BASF SE) includes the company in its consolidated financial statements. The consolidated financial statements of BASF SE are prepared in accordance with International Financial Reporting Standards as adopted by the EU. In these financial statements, the company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

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

The financial statements of BASF SE may be obtained from BASF Societas Europaea, D67056 – Ludwigshafen, Germany..

Going concern

The financial statements have been prepared on a going concern basis. After making all appropriate enquires, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the company's financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Exemption from preparing group accounts

The financial statements contain information about BASF Agricultural Specialities Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is included by full consolidation in the consolidated financial statements of BASF Societas Europaea, a company incorporated in Germany.

Key sources of estimation uncertainty

The stock provision has two elements, a provision for any slow moving stock and the other element is the impairment to the carrying amount of the stock to its net realisable value based on selling price less cost to complete and sell.

To ensure consistency, the stock provision is calculated using the same principle derived from BASF SE, across all BASF companies.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax or equivalent overseas sales taxes, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when:

- The amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the company's activities.

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Tax

Tax on profit or loss for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company.

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

Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Asset class	Depreciation method and rate
Buildings	2% - 10% per annum
Leasehold land and buildings	life of lease
Plant and machinery	10% - 33.3% per annum

No depreciation is provided on assets in the course of construction.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

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 recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Borrowings

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Share capital

Ordinary Shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Defined contribution pension obligation

Employer contributions to the defined contribution pension scheme are charged to the profit and loss account as they arise.

3 Turnover

The analysis of the company's revenue for the year from continuing operations is as follows:

	2016 £ 000	2015 £ 000
Sale of goods	<u>15,767</u>	<u>9,855</u>

The analysis of the company's turnover for the year by market is as follows:

	2016 £ 000	2015 £ 000
UK	2,013	1,757
Europe	11,749	6,939
Rest of world	<u>2,005</u>	<u>1,159</u>
	<u>15,767</u>	<u>9,855</u>

4 Operating profit

Arrived at after charging/(crediting)

	2016 £ 000	2015 £ 000
Depreciation expense	530	243
Research and development (income)/cost	(58)	(58)
Foreign exchange gains	(127)	(1)
Operating lease expense - property	107	86
Operating lease expense - plant and machinery	<u>13</u>	<u>9</u>

5 Other interest receivable and similar income

	2016 £ 000	2015 £ 000
Receivable from group undertakings	1	-
Net Foreign exchange gain	<u>127</u>	<u>1</u>
	<u>128</u>	<u>1</u>

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

6 Interest payable and similar charges

	2016 £ 000	2015 £ 000
Interest payable to group undertakings	<u>18</u>	<u>7</u>

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2016 £ 000	2015 £ 000
Wages and salaries	1,869	1,832
Social security costs	125	137
Pension costs, defined contribution scheme	60	152
Other post-employment benefit costs	<u>255</u>	<u>195</u>
	<u>2,309</u>	<u>2,316</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2016 No.	2015 No.
Administration and support	7	8
Research and development	9	10
Sales, marketing and distribution	<u>20</u>	<u>20</u>
	<u>36</u>	<u>38</u>

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £ 000	2015 £ 000
Remuneration	648	550
Contributions paid to money purchase schemes	60	152
	<u>708</u>	<u>702</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2016 No.	2015 No.
Exercised share options	1	1
Accruing benefits under defined benefit pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	2016 £ 000	2015 £ 000
Remuneration	242	366
Company contributions to money purchase pension schemes	<u>33</u>	<u>74</u>

During the year the highest paid director exercised share options and also received or was entitled to receive shares under a long term incentive scheme.

9 Auditors' remuneration

	2016 £ 000	2015 £ 000
Audit of the financial statements	<u>16</u>	<u>13</u>

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

10 Taxation

Tax charged in the profit and loss account

	2016 £ 000	2015 £ 000
Current taxation		
UK corporation tax	1,081	281
UK corporation tax adjustment to prior periods	-	(207)
	<u>1,081</u>	<u>74</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(78)	313
Arising from changes in tax rates and laws	-	(11)
Total deferred taxation	<u>(78)</u>	<u>302</u>
Tax expense in the profit and loss account	<u>1,003</u>	<u>376</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 - 20.25%).

The differences are reconciled below:

	2016 £ 000	2015 £ 000
Profit before tax	<u>4,620</u>	<u>1,912</u>
Corporation tax at standard rate	924	387
Effect of expense not deductible in determining taxable profit (tax loss)	25	10
Deferred tax expense (credit) relating to changes in tax rates or laws	(3)	(11)
Deferred tax expense (credit) from unrecognised tax loss or credit	-	172
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	(106)	52
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	211	(207)
Tax increase (decrease) from effect of adjustment in research and development tax credit	(41)	(14)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(7)</u>	<u>(13)</u>
Total tax charge	<u>1,003</u>	<u>376</u>

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

10 Taxation (continued)

The main rate of corporation tax reduced from 21% to 20% from 1 April 2015. The rate will further reduce to 19% with effect from 1 April 2017 and 17% with effect from 1 April 2020. Deferred tax has been recognised at the rate of 17%.

Deferred tax

Deferred tax assets and liabilities

2016	Liability £ 000	
Accelerated tax depreciation		108
Tax losses carried forward		-
		<u>108</u>
2015	Asset £ 000	Liability £ 000
Accelerated tax depreciation	-	187
Tax losses carried forward	1	-
	<u>1</u>	<u>187</u>

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

11 Tangible assets

	Land and buildings £ 000	Leasehold improvements £ 000	Properties under construction £ 000	Plant and Machinery £ 000	Total £ 000
Cost or valuation					
At 1 January 2016	3,741	628	2,965	3,747	11,081
Additions	-	-	129	117	246
Disposals	-	-	-	(125)	(125)
Transfers	-	-	(2,795)	2,795	-
At 31 December 2016	3,741	628	299	6,534	11,202
Depreciation					
At 1 January 2016	108	428	-	2,693	3,229
Charge for the year	113	11	-	406	530
Eliminated on disposal	-	-	-	(114)	(114)
At 31 December 2016	221	439	-	2,985	3,645

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

11 Tangible assets (continued)

	Land and buildings £ 000	Leasehold improvements £ 000	Properties under construction £ 000	Plant and Machinery £ 000	Total £ 000
Carrying amount					
At 31 December 2016	<u>3,520</u>	<u>189</u>	<u>299</u>	<u>3,549</u>	<u>7,557</u>
At 31 December 2015	<u>3,633</u>	<u>200</u>	<u>2,965</u>	<u>1,054</u>	<u>7,852</u>

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

12 Stocks

	2016 £ 000	2015 £ 000
Raw materials and consumables	342	504
Merchandise	1,524	2,276
Work in progress	981	1,164
	<u>2,847</u>	<u>3,944</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £8,985,000 (2015: £5,384,000). The reversal of write-down of stocks to net realisable value amounted to £67,000 (2015: write-down of £87,000). The reversal is due to the decrease of stock provision, increase in turnover and difference in the scope of different materials sold.

13 Debtors falling due within one year

	Note	2016 £ 000	2015 £ 000
Trade debtors		-	6
Amounts owed by group undertakings	20	2,869	1,230
Other debtors		426	570
Prepayments		37	27
Deferred tax assets	10	-	1
Corporation Tax		-	94
		<u>3,332</u>	<u>1,928</u>

14 Creditors

	Note	2016 £ 000	2015 £ 000
Due within one year			
Loans and borrowings	18	-	3,301
Trade creditors		325	361
Amounts owed to group undertakings	20	910	1,934
Social security and other taxes		29	31
Accrued expenses		195	227
Corporation Tax		862	-
		<u>2,321</u>	<u>5,854</u>

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

15 Deferred tax and other provisions

	Deferred tax £ 000	Other provisions £ 000	Total £ 000
At 1 January 2016	187	1	188
Additional provisions	-	6	6
Provisions used	(79)	-	(79)
At 31 December 2016	<u>108</u>	<u>7</u>	<u>115</u>

16 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £59,995 (2015 - £152,087).

The employees of the company participate in the Defined Contribution section of the BASF (UK) group Pension Scheme.

Information about the plan as a whole can be obtained from the BASF Plc financial statements.

The pension cost shown in note 7 of £255,000 (2015: £195,000) represents the contribution payable by the Company to the fund. Contributions due to the fund are paid over in the monthly deduction from the payroll, so at the balance sheet date contributions of £ nil are outstanding (2015: £ nil).

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

17 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No.	£ 000	No.	£ 000
Ordinary shares of £1 each	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>

18 Loans and borrowings

	2016 £ 000	2015 £ 000
Current loans and borrowings		
Loans from other group undertakings	<u>-</u>	<u>3,301</u>

The amount payable to group undertakings is owed to BASF Belgium Coordination Center, a fellow wholly owned subsidiary of BASF SE. It is denominated in GBP and carries interest at 1.21 %.

19 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2016 £ 000	2015 £ 000
Not later than one year	117	103
Later than one year and not later than five years	445	389
Later than five years	<u>325</u>	<u>291</u>
	<u>887</u>	<u>783</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £120,000 (2015 - £95,000).

20 Related party transactions

All material transactions with related parties during the current and prior year have been with the company's immediate parent and fellow subsidiaries. As such, the company has taken advantage of the exemption allowed under FRS 102.33.1A not to disclose such transaction. Related party balances outstanding at the balance sheet date are disclosed in total under the relevant notes above.

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

21 Parent and ultimate parent undertaking

The company's immediate parent is Becker Underwood (UK) Limited, incorporated in England. Registered Address PO Box 4, Earl Road, Cheadle Hulme, Cheadle, Cheshire, SK8 6QG.

The ultimate parent is BASF Societas Europaea, incorporated in Germany.

The most senior parent entity producing publicly available financial statements is BASF Societas Europaea. These financial statements are available upon request from that Company's registered office, BASF Societas Europaea, D67056 – Ludwigshafen, Germany.

The ultimate controlling party is BASF Societas Europaea.