

KMS ADHESIVES LIMITED**UNAUDITED****FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2016**

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KMS ADHESIVES LIMITED
REGISTERED NUMBER: 07993537

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Intangible assets | 4 | 367,950 | 434,850 |
| Tangible assets | 5 | 65,301 | 101,673 |
| Investments | 6 | 1 | 1 |
| | | <u>433,252</u> | <u>536,524</u> |
| Current assets | | | |
| Stocks | | 195,209 | 172,406 |
| Debtors: amounts falling due within one year | 7 | 353,806 | 440,973 |
| Cash at bank and in hand | | 608,938 | 398,865 |
| | | <u>1,157,953</u> | <u>1,012,244</u> |
| Creditors: amounts falling due within one year | 8 | (358,540) | (460,363) |
| Net current assets | | <u>799,413</u> | <u>551,881</u> |
| Total assets less current liabilities | | <u>1,232,665</u> | <u>1,088,405</u> |
| Provisions for liabilities | | | |
| Deferred tax | | (2,643) | (2,643) |
| | | <u>(2,643)</u> | <u>(2,643)</u> |
| Net assets | | <u><u>1,230,022</u></u> | <u><u>1,085,762</u></u> |
| Capital and reserves | | | |
| Called up share capital | | 751,000 | 751,000 |
| Profit and loss account | | 479,022 | 334,762 |
| | | <u><u>1,230,022</u></u> | <u><u>1,085,762</u></u> |

KMS ADHESIVES LIMITED
REGISTERED NUMBER: 07993537

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2016

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.


The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2017.


.....
Mr M George
Director


.....
Mrs S George
Director

The notes on pages 3 to 11 form part of these financial statements.

KMS ADHESIVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

KMS Adhesives Limited is a private company limited by shares, incorporated in England and Wales, registration number 07993537. The registered office is Blenheim House Watton, 27-33 Threxton Road Industrial Estate, Watton, Thetford, Norfolk, IP25 6NG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.3 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life of 10 years.

KMS ADHESIVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful life.

Depreciation is provided on the following basis:

| | |
|-----------------------|------------------------|
| Office equipment | - 20% straight line |
| Plant and machinery | - 20% straight line |
| Motor vehicles | - 20% reducing balance |
| Fixtures and fittings | - 20% straight line |

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is 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.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

KMS ADHESIVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

KMS ADHESIVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.15 Leased assets: the Company as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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 Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.16 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

KMS ADHESIVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.18 Current and deferred taxation

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

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

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

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

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

3. Employees

The average monthly number of employees, including directors, during the year was 8 (2015 - 8).

KMS ADHESIVES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

4. Intangible assets

| | Goodwill £ |
|-----------------------|-----------------------|
| Cost | |
| At 1 January 2016 | 669,000 |
| At 31 December 2016 | <u>669,000</u> |
| Amortisation | |
| At 1 January 2016 | 234,150 |
| Charge for the year | 66,900 |
| At 31 December 2016 | <u>301,050</u> |
| Net book value | |
| At 31 December 2016 | <u><u>367,950</u></u> |
| At 31 December 2015 | <u><u>434,850</u></u> |

KMS ADHESIVES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. Tangible fixed assets

| | Freehold property £ | Plant and machinery £ | Motor vehicles £ | Fixtures and fittings £ | Total £ |
|--|---------------------------|-----------------------------|------------------------|-------------------------------|-----------------------|
| Cost or valuation | | | | | |
| At 1 January 2016 | 9,022 | 101,439 | 51,836 | 7,515 | 169,812 |
| Additions | 6,040 | 4,837 | 24,999 | - | 35,876 |
| Disposals | - | (54,600) | (25,995) | - | (80,595) |
| At 31 December 2016 | <u>15,062</u> | <u>51,676</u> | <u>50,840</u> | <u>7,515</u> | <u>125,093</u> |
| Depreciation | | | | | |
| At 1 January 2016 | 3,797 | 56,688 | 3,110 | 4,544 | 68,139 |
| Charge for the year on owned assets | 1,945 | 9,258 | 9,798 | 1,503 | 22,504 |
| Disposals | - | (26,440) | (4,411) | - | (30,851) |
| At 31 December 2016 | <u>5,742</u> | <u>39,506</u> | <u>8,497</u> | <u>6,047</u> | <u>59,792</u> |
| Net book value | | | | | |
| At 31 December 2016 | <u><u>9,320</u></u> | <u><u>12,170</u></u> | <u><u>42,343</u></u> | <u><u>1,468</u></u> | <u><u>65,301</u></u> |
| At 31 December 2015 | <u><u>5,225</u></u> | <u><u>44,751</u></u> | <u><u>48,726</u></u> | <u><u>2,971</u></u> | <u><u>101,673</u></u> |

KMS ADHESIVES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

6. Fixed asset investments

| | Investments in subsidiary companies £ |
|----------------------------|---|
| Cost or valuation | |
| At 1 January 2016 | 1 |
| At 31 December 2016 | <u>1</u> |
| Net book value | |
| At 31 December 2016 | <u>1</u> |
| <i>At 31 December 2015</i> | <u>1</u> |

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Country of incorporatio n | Class of shares | Holding | Principal activity |
|-----------------------------|--|----------------------------|----------------|-------------------------------|
| Intact Adhesives Limited | England & Wales | Ordinary | 100 % | Dormant |

7. Debtors

| | 2016 £ | 2015 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 337,590 | 409,485 |
| Other debtors | 3,450 | 15,969 |
| Prepayments and accrued income | 12,766 | 15,519 |
| | <u>353,806</u> | <u>440,973</u> |

KMS ADHESIVES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. Creditors: Amounts falling due within one year

| | 2016 | 2015 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 73,928 | 217,861 |
| Corporation tax | 71,230 | 83,843 |
| Other taxation and social security | 77,345 | 93,197 |
| Other creditors | 92,352 | 28,550 |
| Accruals and deferred income | 43,685 | 36,912 |
| | 358,540 | 460,363 |

9. First time adoption of FRS 102

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