

Registration number: 8970272

Barrettine Holdings Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2017

William Price & Company
Westbury Court
Church Road
Westbury on Trym
Bristol
BS9 3EF



Barrettine Holdings Limited

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Barrettine Holdings Limited

Company Information

Directors	SH Bailey
	CJ Bailey
	CB Randall
	Mrs S E Whiting
Company secretary	CB Randall
Registered office	St Ivel Way
	Warmley
	Bristol
	BS30 8TY
Auditors	William Price & Company
	Westbury Court
	Church Road
	Westbury on Trym
	Bristol
	BS9 3EF

Barrettine Holdings Limited

Strategic Report for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

Principal activity

The principal activity of the company was acting as a holding company. The principal activity of the Group is the manufacturing, contract packing, prepacking and distribution of chemicals, solvents, wood preservatives, DIY, pest control and environmental health products. The principal activities are undertaken by the company and its subsidiaries.

Fair review of the business

2017 has been another solid trading year for the group with all trading divisions performing well. The majority of raw materials have increased in cost, which brings mixed fortunes for the different trading divisions as well as different challenges. However, we are working within our KPI targets.

The group's key financial performance indicators during the year were as follows (£000):

Turnover £22,833 (2016:£18,862)
Gross Profit £5,115 (2016:£4,770)
Operating Profit £1,220 (2016:£1,173)

Barrettine Holdings Limited

Strategic Report for the Year Ended 31 December 2017

Principal risks and uncertainties

Regulation

The chemical industry has, and will continue to be, heavily regulated. Regulation and legislation is a major challenge for our business. As we formulate/distribute both chemical products and pesticides, we are affected by both REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) and BPR (Biocidal Product Review). Both sets of regulations review the various chemicals and biocides in the market. Chemicals and biocides are being reviewed on a product by product basis with three possible outcomes: 1. Products are removed from the market; 2. Product stays on the market but with restrictions; 3. Product stays on the market with no restriction to current use.

To protect ourselves and our customers we are closely monitoring these with on-going regulatory reviews and we are in regular contact with our principal suppliers to make sure all of our products and usages are covered. If any products that we procure come under risk of removal or restriction, we will try and make sure there is enough notice, enabling us to switch to alternative raw materials and/or re-formulate.

Price Stability

A stable marketplace for the raw materials we procure plays an important part towards profitability. At present, we are experiencing a period of price inflation across a number of key raw materials and chemicals. As predicted in the 2016 report, the effects of such inflation create a number of challenges in maintaining our unit returns/margins. The effects can be both positive and negative and usually tend to be a short-term issue as we try to adjust our prices accordingly. However, there is often a time lag between the supply price increase and when we can push through increases into the different sectors we are active in. The retail market is particularly challenging with significant resistance. Ultimately, gross profit can suffer despite an increase in sales value. The business has still performed well with the price of oil and downstream raw materials at much higher levels.

Bad Debts

Concern over bad debts, as for all businesses, will continue to be a risk both in terms of the bad debt itself and the potential loss of turnover. We have offset this risk to a degree by continuing to take out credit insurance with a high percentage of our debtors now covered.

Approved by the Board on 8/8/18 and signed on its behalf by:



CB Randall

Company secretary and director

Barrettine Holdings Limited

Directors' Report for the Year Ended 31 December 2017

The directors present their report and the for the year ended 31 December 2017.

Directors of the group

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

SH Bailey

CJ Bailey

CB Randall - Company secretary and director

Mrs S E Whiting (appointed 4 September 2017)

Future developments

We previously reported that planning permission for a new 10,000 sq ft production unit had been put on hold as we decided to purchase a new unit away from our HQ. This project re-started at the end of 2016 and throughout 2017 and detailed planning permission is expected to be obtained in 2018. We expect to occupy the unit during the second half of 2018. The unit will give us additional production and storage space.

Research and development

Due to the European Biocides Directive we have had to re-formulate a number of our wood preservatives and wood care products so that we have a quality, sustainable range for the long-term. The impact of REACH and BPR means a number of raw materials are coming off the market and therefore we are constantly looking at alternative raw materials, making sure we are developing the next generation of high quality, sustainable products in a timely manner. We have also invested heavily in some novel compounds, particularly in our Pest Control Division, to control a broad spectrum of insects. The technology is based on more user and environmentally friendly raw materials compared to traditional insecticides. Our focus in the DIY, trade and professional building sector is to continue to develop products that are less weather and season affected.

Disclosure of information to the auditor

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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 8/8/18 and signed on its behalf by:



CB Randall

Company secretary and director

Barrettine Holdings Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 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 have 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.

Barrettine Holdings Limited

Independent Auditor's Report to the Members of Barrettine Holdings Limited

Opinion

We have audited the financial statements of Barrettine Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Barrettine Holdings Limited

Independent Auditor's Report to the Members of Barrettine Holdings Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

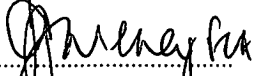
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of Our Report

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.

Barrettine Holdings Limited

Independent Auditor's Report to the Members of Barrettine Holdings Limited



John Graveney FCA (Senior Statutory Auditor)
For and on behalf of William Price & Company, Statutory Auditor

Westbury Court
Church Road
Westbury on Trym
Bristol
BS9 3EF

Date: 17-9-16

Barrettine Holdings Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	22,833,820	18,862,179
Cost of sales		<u>(17,718,444)</u>	<u>(14,092,601)</u>
Gross profit		5,115,376	4,769,578
Distribution costs		(1,742,736)	(1,453,767)
Administrative expenses		<u>(2,152,814)</u>	<u>(2,142,645)</u>
Operating profit	4	<u>1,219,826</u>	<u>1,173,166</u>
Income from shares in group undertakings		-	(1)
Interest payable and similar charges	5	<u>(19,607)</u>	<u>(15,448)</u>
		<u>(19,607)</u>	<u>(15,449)</u>
Profit before tax		1,200,219	1,157,717
Taxation	9	<u>(203,484)</u>	<u>(226,877)</u>
Profit for the financial year		<u>996,735</u>	<u>930,840</u>
Profit/(loss) attributable to:			
Owners of the company		<u>996,735</u>	<u>930,840</u>

The above results were derived from continuing operations.

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

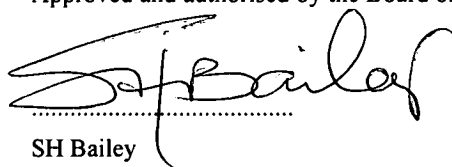
Barrettine Holdings Limited

(Registration number: 8970272)

Consolidated Balance Sheet as at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	10	4,003,298	3,903,886
Current assets			
Stocks	12	2,834,635	2,325,408
Debtors	13	2,877,976	2,937,452
Cash at bank and in hand		360,477	141,787
		<u>6,073,088</u>	<u>5,404,647</u>
Creditors: Amounts falling due within one year	15	<u>(3,861,466)</u>	<u>(3,705,725)</u>
Net current assets		<u>2,211,622</u>	<u>1,698,922</u>
Total assets less current liabilities		6,214,920	5,602,808
Provisions for liabilities		<u>(198,183)</u>	<u>(197,388)</u>
Net assets		<u>6,016,737</u>	<u>5,405,420</u>
Capital and reserves			
Called up share capital	17	194,778	194,778
Revaluation reserve		392,553	392,553
Other reserves		499,390	499,390
Profit and loss account		<u>4,930,016</u>	<u>4,318,699</u>
Equity attributable to owners of the company		<u>6,016,737</u>	<u>5,405,420</u>
Total equity		<u>6,016,737</u>	<u>5,405,420</u>

Approved and authorised by the Board on 8/8/18..... and signed on its behalf by:



SH Bailey
Director

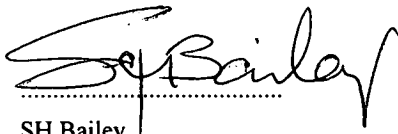
The notes on pages 16 to 31 form an integral part of these financial statements.

Barrettine Holdings Limited
(Registration number: 8970272)
Balance Sheet as at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	10	1,065,188	1,045,229
Investments	11	<u>194,778</u>	<u>194,778</u>
		<u>1,259,966</u>	<u>1,240,007</u>
Current assets			
Debtors	13	218,482	-
Creditors: Amounts falling due within one year	15	<u>(5)</u>	<u>(197,001)</u>
Net current assets/(liabilities)		<u>218,477</u>	<u>(197,001)</u>
Total assets less current liabilities		1,478,443	1,043,006
Provisions for liabilities		<u>(17,646)</u>	<u>(17,758)</u>
Net assets		<u>1,460,797</u>	<u>1,025,248</u>
Capital and reserves			
Called up share capital	17	194,778	194,778
Profit and loss account		<u>1,266,019</u>	<u>830,470</u>
Total equity		<u>1,460,797</u>	<u>1,025,248</u>

The company made a profit after tax for the financial year of £820,967 (2016 - profit of £848,373).

Approved and authorised by the Board on 21/8/18 and signed on its behalf by:


 SH Bailey
 Director

Barrettine Holdings Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2017 Equity attributable to the parent company

	Share capital £	Revaluation reserve £	Merger reserve £	Profit and loss account £	Total £	Total equity £
Brought forward	194,778	392,553	499,390	4,318,699	5,405,420	5,405,420
Profit for the year	-	-	-	996,735	996,735	996,735
Total comprehensive income	-	-	-	996,735	996,735	996,735
Dividends	-	-	-	(385,418)	(385,418)	(385,418)
At 31 December 2017	<u>194,778</u>	<u>392,553</u>	<u>499,390</u>	<u>4,930,016</u>	<u>6,016,737</u>	<u>6,016,737</u>
	Share capital £	Revaluation reserve £	Merger reserve £	Profit and loss account £	Total £	Total equity £
At 1 January 2016	<u>194,778</u>	<u>392,553</u>	<u>499,390</u>	<u>3,847,922</u>	<u>4,934,643</u>	<u>4,934,643</u>
Profit for the year	-	-	-	930,840	930,840	930,840
Total comprehensive income	-	-	-	930,840	930,840	930,840
Dividends	-	-	-	(460,063)	(460,063)	(460,063)
At 31 December 2016	<u>194,778</u>	<u>392,553</u>	<u>499,390</u>	<u>4,318,699</u>	<u>5,405,420</u>	<u>5,405,420</u>

The notes on pages 16 to 31 form an integral part of these financial statements.

Barrettine Holdings Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital £	Profit and loss account £	Total £
At 1 January 2017	194,778	830,470	1,025,248
Profit for the year	-	820,967	820,967
Total comprehensive income	-	820,967	820,967
Dividends	-	(385,418)	(385,418)
At 31 December 2017	194,778	1,266,019	1,460,797
	Share capital £	Profit and loss account £	Total £
At 1 January 2016	194,778	442,161	636,939
Profit for the year	-	848,373	848,373
Total comprehensive income	-	848,373	848,373
Dividends	-	(460,064)	(460,064)
At 31 December 2016	194,778	830,470	1,025,248

The notes on pages 16 to 31 form an integral part of these financial statements.

Barrettine Holdings Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the year		996,735	930,840
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	202,312	195,452
Profit on disposal of tangible assets		(5,576)	-
Finance income		-	1
Finance costs	5	19,607	15,448
Income tax expense	9	203,484	226,877
		<u>1,416,562</u>	<u>1,368,618</u>
Working capital adjustments			
Increase in stocks	12	(509,227)	(445,248)
Decrease in trade debtors	13	59,476	108,121
Decrease in trade creditors	15	<u>(341,159)</u>	<u>(192,768)</u>
Cash generated from operations		625,652	838,723
Income taxes paid	9	<u>(221,063)</u>	<u>(213,374)</u>
Net cash flow from operating activities		<u>404,589</u>	<u>625,349</u>
Cash flows from investing activities			
Interest received		-	(1)
Acquisitions of tangible assets		(319,190)	(155,391)
Proceeds from sale of tangible assets		<u>23,042</u>	<u>-</u>
Net cash flows from investing activities		<u>(296,148)</u>	<u>(155,392)</u>
Cash flows from financing activities			
Interest paid	5	(19,607)	(15,448)
Repayment of other borrowing		(35,306)	(64,695)
Dividends paid		<u>(385,418)</u>	<u>(460,063)</u>
Net cash flows from financing activities		<u>(440,331)</u>	<u>(540,206)</u>
Net decrease in cash and cash equivalents		(331,890)	(70,249)
Cash and cash equivalents at 1 January		<u>(245,196)</u>	<u>(174,947)</u>
Cash and cash equivalents at 31 December		<u><u>(577,086)</u></u>	<u><u>(245,196)</u></u>

The notes on pages 16 to 31 form an integral part of these financial statements.

Barrettine Holdings Limited

Statement of Cash Flows for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the year		820,967	848,373
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	17,342	8,191
Finance income		(835,418)	(860,063)
Income tax expense	9	<u>(6,391)</u>	<u>-</u>
		(3,500)	(3,499)
Working capital adjustments			
Increase in trade debtors	13	(218,482)	-
Decrease in trade creditors	15	<u>(196,996)</u>	<u>(396,500)</u>
Cash generated from operations		(418,978)	(399,999)
Income taxes received	9	<u>6,279</u>	<u>-</u>
Net cash flow from operating activities		<u>(412,699)</u>	<u>(399,999)</u>
Cash flows from investing activities			
Interest received		835,418	860,063
Acquisitions of tangible assets		<u>(37,301)</u>	<u>-</u>
Net cash flows from investing activities		798,117	860,063
Cash flows from financing activities			
Dividends paid		<u>(385,418)</u>	<u>(460,064)</u>
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		<u>(5)</u>	<u>(5)</u>
Cash and cash equivalents at 31 December		<u><u>(5)</u></u>	<u><u>(5)</u></u>

The notes on pages 16 to 31 form an integral part of these financial statements.

Barrettine Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

1 General information

The company is a private company limited by share capital, incorporated in the United Kingdom..

The address of its registered office is:

St Ivel Way
Warmley
Bristol
BS30 8TY

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 to 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'.

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 financial statements are presented in sterling.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2015.

The company has taken advantage of the exemption from preparing an individual profit and loss account conferred by Section 408 of the Companies Act 2006.

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Barrettine Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Departures from Companies Act requirements

No depreciation is provided on the Company or Group's Freehold Property. The directors undertake an annual impairment review of the Freehold Property. In addition, the property is held at a valuation and any surplus or deficit arising on valuation is transferred to the revaluation reserve.

Going concern

The financial statements have been prepared on a going concern basis.

Prior period errors

Due to a formatting error in the production of the financial statements in 2016, the group's current liabilities and share capital were misstated in the comparative year (2016) and pre-comparative year (2015). The error has been corrected in the current year and the comparatives re-stated.

	Relating to the current period disclosed in these financial statements £	Relating to the prior period disclosed in these financial statements £	Relating to periods before the prior period disclosed in these financial statements £
Group Creditors overstated	-	100,000	100,000
Group Share Capital understated	-	(100,000)	(100,000)

Judgements

In the application of the Company and Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

As described in note 13 to the financial statements, freehold property is stated at a fair value based on the valuation performed by an independent professional valuer..

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 group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The group 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 group's activities.

Foreign currency transactions and balances

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account when arriving at the operating profit.

Barrettine Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Tax

The tax expense 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.

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 group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
General office equipment	15% per annum reducing balance
Leasehold property	equal instalments over the period of the lease
Steel buildings	5% per annum of cost
Motor vehicles	25% per annum reducing balance
Electrical office equipment	15-20% of cost
Plant & machinery	10-25% per annum reducing balance
Plates and label origination plant	33% per annum of cost

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Barrettine Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

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 group will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) 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. Accounts payable are classified as current liabilities if the group 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.

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

Barrettine Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after 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. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Barrettine Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

3 Revenue

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

	2017	2016
	£	£
Sale of goods	<u>22,833,820</u>	<u>18,862,179</u>

The analysis of the group's turnover for the year by class of business is as follows:

Products Division £18,973,672 (2016:£15,260,503)

Environmental Health Division £3,860,148 (2016:£3,601,676)

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

UK Sales £22,091,921 (2016:£17,900,642)

Non-UK Sales £741,899 (2016:£961,537)

4 Operating profit

Arrived at after charging/(crediting)

	2017	2016
	£	£
Depreciation expense	202,312	195,452
Operating lease expense - plant and machinery	183,432	158,614
Profit on disposal of property, plant and equipment	<u>(5,576)</u>	<u>-</u>

5 Interest payable and similar expenses

	2017	2016
	£	£
Interest on bank overdrafts and borrowings	<u>19,607</u>	<u>15,448</u>

Barrettine Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

6 Staff costs

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

	2017	2016
	£	£
Wages and salaries	2,896,943	2,975,863
Social security costs	279,845	268,254
Other short-term employee benefits	3,307	3,255
Pension costs, defined contribution scheme	203,676	156,294
Other employee expense	18,613	22,078
	<u>3,402,384</u>	<u>3,425,744</u>

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

	2017	2016
	No.	No.
Production	74	58
Administration and support	21	18
Sales	13	11
	<u>108</u>	<u>87</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017	2016
	£	£
Remuneration	591,167	439,035
Contributions paid to money purchase schemes	72,901	29,303
	<u>664,068</u>	<u>468,338</u>

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

	2017	2016
	No.	No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	2017	2016
	£	£
Remuneration	153,578	162,246
Company contributions to money purchase pension schemes	<u>13,696</u>	<u>15,196</u>

Barrettine Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

8 Auditors' remuneration

	2017 £	2016 £
Audit of these financial statements	<u>14,778</u>	<u>15,860</u>
Other fees to auditors		
All other non-audit services	<u>6,000</u>	<u>3,000</u>

9 Taxation

Tax charged/(credited) in the income statement

	2017 £	2016 £
Current taxation		
UK corporation tax	202,689	221,060
Deferred taxation		
Arising from origination and reversal of timing differences	<u>795</u>	<u>5,817</u>
Tax expense in the income statement	<u>203,484</u>	<u>226,877</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2016 - the same as the standard rate of corporation tax in the UK) of 19% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	<u>1,200,219</u>	<u>1,157,717</u>
Corporation tax at standard rate	228,042	231,543
Effect of expense not deductible in determining taxable profit (tax loss)	1,902	7,536
Increase in UK and foreign current tax from adjustment for prior periods	-	5,561
Tax decrease from effect of adjustment in research and development tax credit	(21,523)	(17,763)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(4,937)</u>	<u>-</u>
Total tax charge	<u>203,484</u>	<u>226,877</u>

Barrettine Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Group

Deferred tax assets and liabilities

2017

	Liability £
Accelerated Capital Allowances	207,203
Tax Losses	(9,020)
Other Timing Differences	-
	<u>198,183</u>

2016

	Liability £
Accelerated Capital Allowances	206,883
Tax Losses	(9,495)
Other Timing Differences	-
	<u>197,388</u>

Company

Deferred tax assets and liabilities

2017

	Liability £
Accelerated Capital Allowances	<u>17,646</u>

2016

	Liability £
Accelerated Capital Allowances	<u>16,120</u>

Barrettine Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

10 Property, plant and equipment

Group

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £	Total £
Cost or valuation					
At 1 January 2017	2,611,942	357,574	5,500	2,296,948	5,271,964
Additions	61,454	69,792	-	187,944	319,190
Disposals	-	(59,815)	-	(78,479)	(138,294)
At 31 December 2017	<u>2,673,396</u>	<u>367,551</u>	<u>5,500</u>	<u>2,406,413</u>	<u>5,452,860</u>
Depreciation					
At 1 January 2017	25,167	149,814	3,711	1,189,386	1,368,078
Charge for the year	1,609	64,388	410	135,905	202,312
Eliminated on disposal	-	(49,815)	-	(71,013)	(120,828)
At 31 December 2017	<u>26,776</u>	<u>164,387</u>	<u>4,121</u>	<u>1,254,278</u>	<u>1,449,562</u>
Carrying amount					
At 31 December 2017	<u>2,646,620</u>	<u>203,164</u>	<u>1,379</u>	<u>1,152,135</u>	<u>4,003,298</u>
At 31 December 2016	<u>2,586,775</u>	<u>207,760</u>	<u>1,789</u>	<u>1,107,562</u>	<u>3,903,886</u>

Included within the net book value of land and buildings above is £2,530,454 (2016 - £2,469,000) in respect of freehold land and buildings and £116,167 (2016 - £117,775) in respect of long leasehold land and buildings.

Revaluation

The fair value of the group's freehold property was revalued on 11 November 2015 by an independent valuer. The valuation was carried out by Nigel K Hicks & Co, Chartered Surveyors on the basis of open market value for existing use. The surveyor has experience in surveying and valuing commercial properties in and around Bristol.

Had this class of asset been measured on a historical cost basis, their carrying amount would have been £2,185,184 (2016 - £2,123,729).

Barrettine Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Company

	Land and buildings £	Other tangible assets £	Total £
Cost or valuation			
At 1 January 2017	979,000	82,611	1,061,611
Additions	<u>-</u>	<u>37,301</u>	<u>37,301</u>
At 31 December 2017	<u>979,000</u>	<u>119,912</u>	<u>1,098,912</u>
Depreciation			
At 1 January 2017	-	16,382	16,382
Charge for the year	<u>-</u>	<u>17,342</u>	<u>17,342</u>
At 31 December 2017	<u>-</u>	<u>33,724</u>	<u>33,724</u>
Carrying amount			
At 31 December 2017	<u>979,000</u>	<u>86,188</u>	<u>1,065,188</u>
At 31 December 2016	<u>979,000</u>	<u>66,229</u>	<u>1,045,229</u>

Included within the net book value of land and buildings above is £979,000 (2016 - £979,000) in respect of freehold land and buildings.

Revaluation

The fair value of the company's freehold property was revalued on 11 November 2015 by an independent valuer.

The valuation was carried out by Nigel K Hicks & Co, Chartered Surveyors on the basis of open market value for existing use. The firm has experience in surveying and valuing commercial property in and around Bristol.

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £1,026,282 (2016 - £1,026,282).

11 Investments

Company

	2017 £	2016 £
Investments in subsidiaries	<u>194,778</u>	<u>194,778</u>
Subsidiaries		£
Cost or valuation		
At 1 January 2017		<u>194,778</u>
Provision		
Carrying amount		
At 31 December 2017		<u>194,778</u>
At 31 December 2016		<u>194,778</u>

Barrettine Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2017	2016
Subsidiary undertakings				
J V Barrett & Co Ltd St. Ivel Way Warmley Bristol BS30 8TY	England & Wales	ordinary	100%	100%
Barrettine Products Ltd St. Ivel Way Warmley Bristol BS30 8TY	England & Wales	ordinary shares held by J V Barrett & Co Ltd	100%	100%
Woodman Hill Ltd St. Ivel Way Warmley Bristol BS30 8TY	England & Wales	ordinary shares held by J V Barrett & Co Ltd	100%	100%
Barrettine (Industrial) Ltd St. Ivel Way Warmley Bristol BS30 8TY	England & Wales	ordinary shares held by J V Barrett & Co Ltd	100%	100%

The principal activity of J V Barrett & Co Ltd is the manufacture and distribution of chemical and environmental health products.

The principal activity of Barrettine Products Ltd is the manufacture of DIY and chemical products.

The principal activity of Woodman Hill Ltd is the manufacture and contract packaging of chemical products.

The principal activity of Barrettine (Industrial) Ltd is dormant.

Barrettine Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

12 Stocks

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Raw materials and consumables	1,293,915	1,061,470	-	-
Finished goods and goods for resale	1,540,720	1,263,938	-	-
	<u>2,834,635</u>	<u>2,325,408</u>	<u>-</u>	<u>-</u>

13 Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	2,773,881	2,572,705	-	-
Other debtors	-	232,301	218,482	-
Prepayments	104,095	132,446	-	-
	<u>2,877,976</u>	<u>2,937,452</u>	<u>218,482</u>	<u>-</u>

14 Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Cash on hand	269	1,347	-	-
Cash at bank	360,208	140,440	-	-
	360,477	141,787	-	-
Bank overdrafts	<u>(937,563)</u>	<u>(386,983)</u>	<u>(5)</u>	<u>(5)</u>
Cash and cash equivalents in statement of cash flows	<u>(577,086)</u>	<u>(245,196)</u>	<u>(5)</u>	<u>(5)</u>

Barrettine Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

15 Creditors

		Group		Company	
	Note	2017 £	2016 £	2017 £	2016 £
Due within one year					
Loans and borrowings	18	937,563	422,289	5	5
Trade creditors		1,831,831	2,108,703	-	-
Amounts due to related parties	21	270,135	348,287	-	-
Social security and other taxes		240,521	146,207	-	-
Outstanding defined contribution pension costs		17,879	22,483	-	-
Other payables		15,967	208,054	-	191,996
Accrued expenses		344,881	228,639	-	5,000
Income tax liability	9	202,689	221,063	-	-
		3,861,466	3,705,725	5	197,001

16 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £203,676 (2016 - £156,294).

Contributions totalling £17,879 (2016 - £22,483) were payable to the scheme at the end of the year and are included in creditors.

17 Share capital

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
A Ordinary of £1 each	194,378	194,378	194,378	194,378
B Ordinary of £1 each	400	400	400	400
	<u>194,778</u>	<u>194,778</u>	<u>194,778</u>	<u>194,778</u>

Rights, preferences and restrictions

Ordinary A shares have the following rights, preferences and restrictions:

All the A Ordinary Shares carry the same rights to participate in full in all dividends declared and the right to participate in company meetings.

Ordinary B Shares have the following rights, preferences and restrictions:

The ordinary B shares have no voting rights and no rights to attend the AGM.

Barrettine Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

18 Loans and borrowings

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Current loans and borrowings				
Bank overdrafts	937,563	386,983	5	5
Other borrowings	-	35,306	-	-
	<u>937,563</u>	<u>422,289</u>	<u>5</u>	<u>5</u>

19 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2017	2016
	£	£
Not later than one year	169,747	99,370
Later than one year and not later than five years	360,423	249,959
Later than five years	<u>2,380,000</u>	<u>2,625,000</u>
	<u>2,910,170</u>	<u>2,974,329</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £183,432 (2016 - £152,191).

Barrettine Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

20 Dividends

	2017 £	2016 £
Dividend of £1.82 (2016 - £1.93) per ordinary share	353,618	376,063
Dividend of £79.50 (2016 - £210.00) per B ordinary share	31,800	84,000
	<u>385,418</u>	<u>460,063</u>

21 Related party transactions

Group

Key management personnel

Individuals who act as directors for the main subsidiary company, J V Barrett & Co Ltd, are considered to be key management personnel for the group as a whole and their remuneration is disclosed below.

Key management compensation

	2017 £	2016 £
Salaries and other short term employee benefits	216,383	186,711
Post-employment benefits	43,629	19,158
	<u>260,012</u>	<u>205,869</u>

Loans from related parties

	Other related parties £
2017	
At start of period	348,287
Repaid	<u>(78,152)</u>
At end of period	<u>270,135</u>

Terms of loans from related parties

At the year end, C J Bailey, a director and shareholder, held a credit balance with the group as detailed above. The loan is repayable on demand and interest is payable at 2.75% p.a.