

Registered number: SC 511356

Kilco Holdings Limited
Annual report and financial statements
for the year ended 31 December 2016

COMPANIES HOUSE

26 SEP 2017

BELFAST

TUESDAY



J6FSOLPY

JNI

26/09/2017

#119

COMPANIES HOUSE

KILCO HOLDINGS LIMITED
REPORT AND GROUP FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

Contents	Page(s)
Officers and professional advisers	1
Strategic report	2 - 3
Director's report	4 - 5
Statement of director's responsibilities statement in respect of the financial statements	6
Independent auditor's report to the members of Kilco Holdings Limited	7 - 8
Consolidated statement of comprehensive income	9
Consolidated balance sheet	10
Company balance sheet	11
Consolidated statement of changes in equity	12
Company statement of changes in equity	13
Consolidated statement of cash flows	14
Notes to the financial statements	15 - 35

KILCO HOLDINGS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Director

G McGlavery

Registered office

Broomhouses 2 Industrial Estate,
Old Glasgow Road,
Lockerbie,
DG11 2SD

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
8 Laganbank Road
Belfast
BT1 3LR

Bankers

Danske Bank
Donegall Square West
Belfast
BT1 6SJ

Solicitors

Dundas & Wilson LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

KILCO HOLDINGS LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2016

The director presents his strategic report for the group for the year ended 31 December 2016.

Principal activities and business review

The principal activity of the company during the period was that of a non-trading holding company. The principal activity of the group during the year was the manufacture and distribution of chemical products.

The director considers the performance of the group during the year and its financial position at the year-end to be in line with expectations. The group will continue to seek every opportunity to increase profitable turnover.

The director is committed to long term creation of shareholder value by continually monitoring the trading activities of the company. Overheads, costs and demand in the industry remain at fairly consistent levels and consequently the key driver to increase shareholder wealth is the improvement of the gross profit margin. Financial performance for the year is considered satisfactory and budgeted levels of operations for the 2017 year along with actual performance to date during financial year 2017 indicate that the company will improve on the results of 2016.

Future developments

The external commercial environment is expected to remain competitive in 2017. The financial year ahead will be a challenging one due to the current economic climate in the United Kingdom.

Key performance indicators

The director uses the following key performance indicators to monitor the performance of the business against prior years and competitors:

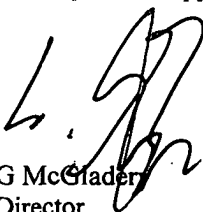
	2016	2015
Turnover (£000's)	16,587	15,168
Gross profit %	42	44
Average number of employees	77	55

KILCO HOLDINGS LIMITED**STRATEGIC REPORT****YEAR ENDED 31 DECEMBER 2016****Principal risks and uncertainties**

The director is of the opinion that there are no specific risks attributable to the group which need to be highlighted other than normal commercial risks. Risks to the business are reviewed by the director and risk mitigation strategies implemented as appropriate.

Competitive pressure in the United Kingdom is a continuing risk for the group, which could result in it losing sales to its key competitors. The group manages this risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers.

This report was approved by the director on 21 September 2017: and signed on behalf of the board by:



G McGlader
Director

Registered office:
Broomhouses 2 Industrial Estate,
Old Glasgow Road,
Lockerbie,
DG11 2SD

KILCO HOLDINGS LIMITED

DIRECTOR'S REPORT

YEAR ENDED 31 DECEMBER 2016

The director presents his report and the audited financial statements of the group and the company for the year ended 31 December 2016.

Director

The director who served the group during the year, and up to the date of signing these financial statements, was:

G McGladery

Results and dividends

The profit for the financial year, amounted to £689,546 (2015: £884,425). Particulars of recommended dividends are detailed in note 13 to the Annual Report and financial statements.

Future developments

The future outlook of the group is included in the Strategic report and included in this report by cross reference.

Employment of disabled persons

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

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions to disabled persons wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the group has been continued through media methods in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the group's profit sharing scheme.

Environmental

The company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The group has complied with all applicable legislation and regulations

Financial risk management

The group's operations expose it to a variety of financial risks that include currency risk, credit risk, liquidity risk, interest risk and market price risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company of these aforementioned risks.

KILCO HOLDINGS LIMITED**DIRECTOR'S REPORT****YEAR ENDED 31 DECEMBER 2016****Currency risk**

The group does not use forward contracts to manage foreign exchange exposures.

Credit risk

While the greater part of the company's revenues and expenses are denominated in sterling, the company is exposed to some foreign exchange risk in the normal course of business.

Liquidity risk

The company actively maintains a mixture of long-term and short-term finance that is designed to ensure the group has sufficient available funds for operations and planned expansions.

Interest risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances, which earn interest at variable rates. Interest bearing liabilities relate to bank loans which bear interest at a variable rate. The company has a policy of maintaining debt at a fixed rate to ensure certainty of future interest cash flows. The director will revisit the appropriateness of this policy should the company's operations change in size or nature.

Market price risk

Due to the nature of its principal activity the group is exposed to movements in world markets of a number of agricultural commodities. However, given the size of the group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The director will revisit the appropriateness of this policy should the company's operations change in size or nature.

Statement of disclosure of information to auditors

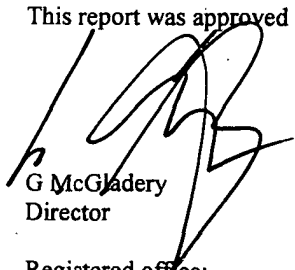
The director confirm that:

- so far as he is aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- he has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

Independent auditor

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the director on 21 September 2017 and signed on behalf of the board by:



G McGladery
Director

Registered office:
Broomhouses 2 Industrial Estate,
Old Glasgow Road,
Lockerbie,
DG11 2SD

KILCO HOLDINGS LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2016**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

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

Registered office:
Broomhouses 2 Industrial Estate,
Old Glasgow Road,
Lockerbie,
DG11 2SD



C McGladery
Director

21 September 2017

KILCO HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KILCO HOLDINGS LIMITED

YEAR ENDED 31 DECEMBER 2016

Report on the financial statements

Our opinion

In our opinion, Kilco Holdings Limited's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's and the parent company's profit and the group's cash flows 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.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Consolidated balance sheet and company balance sheet as at 31 December 2016;
- the Consolidated statement of comprehensive income for the year then ended;
- the Consolidated statement of cash flows for the year then ended;
- the Consolidated and company statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters 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 the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group, the parent company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

KILCO HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KILCO HOLDINGS LIMITED

YEAR ENDED 31 DECEMBER 2016

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 6, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

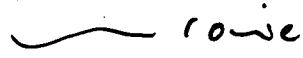
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.


 Martin Cowie (Senior Statutory Auditor)
 for and on behalf of PricewaterhouseCoopers LLP
 Chartered Accountants and Statutory Auditors
 Belfast
 21 September 2017

KILCO HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2016

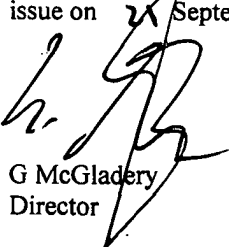
	Note	2016 £	2015 £
Turnover	4	16,586,960	15,167,869
Cost of sales		(9,590,075)	(8,461,659)
Gross profit		6,996,885	6,706,210
Distribution costs		(978,891)	(912,210)
Administrative expenses		(5,234,923)	(5,179,371)
Other operating income	5	67,390	102,587
Operating profit	6	850,461	717,216
Interest receivable and similar income		56,007	-
Interest payable and similar charges	10	(68,277)	(55,675)
Profit on ordinary activities before taxation		838,191	661,541
Tax on profit on ordinary activities	11	(148,645)	222,884
Profit for the financial year		689,546	884,425
Other comprehensive income:			
Foreign exchange loss on translation of foreign subsidiaries		1,478	(1,749)
Profit for the financial year and total comprehensive income		691,024	882,676

All the activities of the group are from continuing operations.

KILCO HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEET
31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	15	2,524,976	2,435,244
		<u>2,524,976</u>	<u>2,435,244</u>
Current assets			
Stocks	17	2,000,648	1,766,295
Debtors	18	5,246,702	4,638,832
Cash at bank and in hand	19	1,364,674	327,818
		<u>8,612,024</u>	<u>6,732,945</u>
Creditors: amounts falling due within one year	20	(3,332,609)	(2,420,159)
Net current assets		<u>5,279,415</u>	<u>4,312,786</u>
Total assets less current liabilities		<u>7,804,391</u>	<u>6,748,030</u>
Creditors: amounts falling due after more than one year	21	(1,751,413)	(900,000)
Provisions			
Deferred taxation	24	(41,882)	(67,923)
Deferred income		-	(41,000)
Net assets		<u>6,011,096</u>	<u>5,739,107</u>
Capital and reserves			
Called up share capital	25	39,719	39,719
Capital redemption reserve		5,281	5,281
Profit and loss account		5,966,096	5,694,107
Shareholder's funds		<u>6,011,096</u>	<u>5,739,107</u>

These financial statements on pages 10 to 35 were approved by the board of directors and authorised for issue on 21 September 2017, and are signed on behalf of the board by:


G McGlavery
Director

Company registration number: SC 511356

The notes on pages 16 to 35 form part of these report and group financial statements

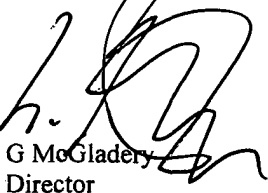
KILCO HOLDINGS LIMITED

COMPANY BALANCE SHEET

31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	16	964,502	964,502
Current assets			
Debtors: due within one year	18	377,077	-
Creditors: amounts falling due within one year	20	(51,860)	(24,783)
Net current assets/(liabilities)		<u>325,217</u>	<u>(24,783)</u>
Total assets less current liabilities		1,289,719	939,719
Creditors: amounts falling due after more than one year	21	(1,250,000)	(900,000)
Net assets		<u>39,719</u>	<u>39,719</u>
Capital and reserves			
Called up share capital	25	39,719	39,719
Profit and loss account		-	-
Shareholder's funds		<u>39,719</u>	<u>39,719</u>

These financial statements on pages 10 to 35 were approved by the board of directors and authorised for issue on 21 September 2017, and are signed on behalf of the board by:


G McGladery
Director

Company registration number: SC 511356

The notes on pages 16 to 35 form part of these report and group financial statements

KILCO HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2016

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Shareholder's funds £
At 1 January 2015	39,719	5,281	5,119,254	5,164,254
Profit for the financial year	—	—	889,425	884,425
Foreign exchange loss on translation of subsidiaries	—	—	(1,749)	(1,749)
Total comprehensive income for the year	—	—	882,676	882,676
Dividends paid and payable	13		(307,823)	(307,823)
Total investments by and distributions to owners	—	—	(307,823)	(307,823)
At 31 December 2015	39,719	5,281	5,694,107	5,739,107
Profit for the financial year	—	—	689,546	689,546
Foreign exchange loss on translation of subsidiaries	—	—	1,478	1,478
Total comprehensive income for the year	—	—	691,024	691,024
Dividends paid and payable	13		(419,035)	(419,035)
Total investments by and distributions to owners	—	—	(419,035)	(419,035)
At 31 December 2016	<u>39,719</u>	<u>5,281</u>	<u>5,966,096</u>	<u>6,011,096</u>

KILCO HOLDINGS LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2016

	Called up share capital £	Profit and loss account £	Shareholder's funds £
At 1 January 2015	-	-	-
Profit for the financial year	-	-	-
Total comprehensive income for the year	-	-	-
Issue of shares	39,719	-	39,719
Total investments by and distributions to owners	39,719	-	39,719
At 31 December 2015	39,719	-	39,719
Profit for the financial year	-	419,035	419,035
Total comprehensive income for the year	-	419,035	419,035
Dividends paid and payable	13	(419,035)	(419,035)
Total investments by and distributions to owners	-	(419,035)	(419,035)
At 31 December 2016	39,719	-	39,719

KILCO HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2015

	Note	2016 £	2015 £
Cash generated from/(used in) operations	26	1,022,445	(20,294)
Tax received/(paid)		115,879	(265,674)
Net cash generated from/(used in) operating activities		<u>1,138,324</u>	<u>(285,968)</u>
Cash flows from investing activities			
Purchase of tangible assets		(532,122)	(641,894)
Proceeds from sale of tangible assets		47,433	60,163
Interest received		56,007	
Net cash used in investing activities		<u>(428,682)</u>	<u>(581,731)</u>
Cash flows from financing activities			
New bank loans		500,000	-
Repayment of bank loans		(14,702)	(151,902)
Repayment of hire purchase		(20,772)	-
Issue of preference shares		350,000	
Interest paid		(68,277)	(55,675)
Dividends paid		(419,035)	(307,823)
Net cash from/(used in) financing activities		<u>327,214</u>	<u>(515,400)</u>
Net increase/(decrease) in cash and cash equivalents		1,036,856	(1,383,099)
Cash and cash equivalents at beginning of year		327,818	1,710,917
Cash and cash equivalents at end of year	19	<u>1,364,674</u>	<u>327,818</u>

KILCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

1. General Information

The principal activity of the company during the period was that of a non trading holding company. The principal activity of the group during the year continued to be the manufacture and distribution of chemical products.

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of the registered office is Broomhouses 2 Industrial Estate, Old Glasgow Road, Lockerbie, DG11 2SD.

2. Statement of compliance

The group and company financial statements of Kilco Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies.

Critical judgements: The group is currently in correspondence with HMRC over the taxation treatment of a transaction in relation to prior years. For commercial reasons the company views disclosing the potential quantum of the possible liability as seriously prejudicial to its position. The Director believes that a liability may not exist and he has taken legal advice to support his position. Accordingly, no provision for any potential liability has been made in these financial statements.

No other critical judgements in applying the company's accounting policies nor critical accounting estimates and assumptions have been applied in the preparation of these financial statements.

The following principal accounting policies have been applied:

KILCO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

3. Accounting policies (*continued*)

3.2 Basis of consolidation

The consolidated group financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies.

For both the current and preceding periods, merger accounting combines the Statement of Comprehensive Income, Balance sheet and Statement of Cash Flows of all the group entities on a line by line basis without adjustment to fair value but with adjustment to ensure uniformity of accounting policies. No goodwill arises on consolidation. Any excess between the share capital and consideration given is shown as a merger reserve within the shareholders' funds. Business combinations are accounted for using the purchase method.

The cost of a business combination is measured as the aggregate of the fair values, at the acquisition date, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

Where control is achieved in stages, the cost of the business combination is the aggregate of the fair values of the assets given, liabilities incurred or assumed, and equity instruments issued at the date of each transaction in the series.

Where the business combination requires an adjustment to the cost contingent on future events, the estimated amount of that adjustment is included in the cost of the combination at the acquisition date providing it is probable and can be measured reliably. Where it is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration is treated as an adjustment to the cost of the combination.

As a Consolidated Statement of Comprehensive Income is published, a separate Statement of Comprehensive Income for the parent company is omitted from the consolidated financial statements by virtue of Section 408 of the Companies Act 2006.

3.3 Tangible 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.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the Consolidated Statement of Comprehensive Income.

KILCO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

3. Accounting policies (*continued*)

3.4 Depreciation

Depreciation is provided on the following basis:

Long-term leasehold property	-	2%
Plant & machinery	-	6 -20%
Motor vehicles	-	25%
Fixtures & fittings	-	6%
Computer equipment	-	25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

No depreciation is charged on assets under construction.

3.5 Stocks

Stocks are stated at the lower of historical cost and estimated selling price less cost to complete and sell after making due allowance for obsolete and slow moving stock. Stocks consumed are recognised as an expense in the period in which the related revenue is recognised. Horse breeding stocks are stated at the lower of historical cost and estimated selling price less cost to complete and sell.

Cost is determined on the first in, first out (FIFO) method. Costs include the purchase price, including taxes, duties, transport and handling directly attributable to bringing stock to its present location and condition.

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 Consolidated Statement of Comprehensive Income. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Consolidated Statement of Comprehensive Income.

3.6 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors, trade and other creditors, bank overdrafts, other loans, invoice discounting and amounts owed by/to group undertakings.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

KILCO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

3. Accounting policies (*continued*)

3.6 Financial instruments (*continued*)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.7 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.

3.8 Research and development

Expenditure is charged against profits in the year in which it is incurred.

3.9 Research and development tax credits

Under UK legislation introduced in the 2013 finance Bill, research and development credits can be claimed against qualifying research and development expenditure. Where these credits are not expected to be restricted by the PAYE/NIC cap included within the legislation, these credits are, in substance, a government grant. The group has elected to treat such credits as a government grant and recognise the credits in the same period as the research and development expenditure arises.

3.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the group 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 Consolidated Statement of Comprehensive Income in the year that the group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet 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 Balance sheet.

KILCO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

3. Accounting policies (*continued*)

3.11 Contingent liabilities

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non occurrence of uncertain future events not wholly within the group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

3.12 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. Nonmonetary 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 Consolidated 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 Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

3.13 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.

3.14 Share capital

Ordinary

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Preference

Preference shares are classified as equity or a liability depending on the terms associated with the shares. Incremental costs directly attributable to the issue of new preference shares are shown in equity as a deduction, net of tax, from proceeds.

KILCO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

3. Accounting policies (*continued*)

3.15 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group 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 group has transferred the significant risks and rewards of ownership to the buyer;
- the group 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 group 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.

3.16 Interest income

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

3.17 Operating lease: lessee

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

3.18 Leased assets: lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases); the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

KILCO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

3. Accounting policies (*continued*)

3.19 Finance costs

Finance costs are charged to the Consolidated 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.

3.20 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a change 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 Balance sheet date in the countries where the company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3.21 Related party transactions

The group and company disclose transactions with related parties which are not wholly owned with the same group, they do not disclose transactions with members of the same group that are wholly owned.

3.22 Grants

Government grants relating to tangible fixed assets are accounted for under the performance model. Under this model grant income is recognised in the Statement of Income and Retained Earnings when the grant is received, or receivable, provided that the terms of the grant do not impose future performance-related conditions. If the terms of a grant do impose performance-related conditions on the company, the grant is only recognised in income when the performance-related conditions are met. Any grants that are received before the recognition criteria are met are recognised in deferred income until the conditions are met.

Other grants are credited to the Statement of Income and Retained Earnings as the related expenditure is incurred.

KILCO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

3. Accounting policies (*continued*)

3.23 Employee benefits

The group provides a range of benefits to employees, including paid holiday arrangements and a defined contribution pension plan.

- **Short term benefits**
Short term benefits, including holiday pay and other similar non monetary benefits, are recognised as an expenses in the period in which the service is received.
- **Defined contribution pension plan**
The group operated a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Balance sheet. The assets of the plan are held separately from the group in an independently administered funds.

4. Turnover

	2016 £	2015 £
Sale of goods in the UK and Europe	<u>16,586,960</u>	<u>15,167,869</u>

5. Other operating income

	2016 £	2015 £
Other operating income	<u>67,390</u>	<u>102,587</u>

6. Operating profit

Operating profit or loss is stated after charging/(crediting):

	2016 £	2015 £
Depreciation of owned tangible assets	490,630	426,995
Depreciation of assets held on hire purchase	25,489	-
Loss/(profit) on disposal of tangible assets	10,612	(19,044)
Research and development expenditure	185,129	133,791
Foreign exchange (gain)/loss	(442,245)	129,641
Stock recognised as an expense	<u>9,590,075</u>	<u>8,461,650</u>

7. Auditors' remuneration

	2016 £	2015 £
Fees payable for the audit of the financial statements:		
- Parent company and consolidated financial statements	2,500	2,500
- Subsidiaries	15,000	15,000
Fees payable for taxation services	<u>2,500</u>	<u>2,500</u>

KILCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2016 Number	2015 Number
Production staff	39	28
Administrative staff	12	9
Selling and distribution	25	17
Directors	1	1
	<u>77</u>	<u>55</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016 £	2015 £
Wages and salaries	2,537,922	2,433,838
Social security costs	213,012	184,974
Other pension costs	118,602	155,386
	<u>2,869,536</u>	<u>2,774,198</u>

The director is considered to be the only member of key management within the group.

9. Director's remuneration

	2016 £	2015 £
Director's emoluments	31,655	279,542
Contributions to pension scheme	10,029	100,000
	<u>41,684</u>	<u>379,542</u>

KILCO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

10. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	16,677	12,475
Preference share dividends	51,600	43,200
	<u>68,277</u>	<u>55,675</u>

11. Tax on profit on ordinary activities

Major components of tax expense

	2016 £	2015 £
Current tax:		
UK current tax expense	207,656	(143,422)
Adjustments in respect of previous periods	(32,970)	(116,595)
	<u>174,686</u>	<u>(260,017)</u>

	2016 £	2015 £
Deferred tax:		
Origination and reversal of timing differences	(26,197)	24,611
Impact of change in tax rate	156	14,868
Adjustments in respect of previous period	-	(2,346)
	<u>(26,041)</u>	<u>37,133</u>
Total deferred tax	<u>(26,041)</u>	<u>37,133</u>
Tax on profit on ordinary activities	<u>148,645</u>	<u>(222,884)</u>

KILCO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

11. Tax on profit on ordinary activities (*continued*)

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20.25%).

	2016 £	2015 £
Profit on ordinary activities before taxation	838,191	661,541
Profit on ordinary activities by rate of tax	167,638	133,962
Effects of:		
Adjustments in respect of previous periods	(27,349)	(118,941)
Effect of expenses not deductible for tax purposes	202,491	129,544
Movement in unrecognised deferred tax asset	-	(119,114)
Non-taxable income	(194,291)	(240,208)
Impact of change in tax rate	156	(8,127)
Tax on profit on ordinary activities	148,645	(222,884)

Factors that may affect future charges

Further reductions to the UK Corporation Tax rate were substantively enacted as part of the Finance Act 2015 (substantively enacted on 26 October 2015). These reduce the main rate of tax to 19% from 1 April 2017 and to 18% from 1 April 2020. The deferred tax assets and liabilities reflect these rates.

12. Profit for the year of the parent company

The profit for the financial period of the parent company was £419,035 (2015: £Nil).

KILCO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

13. Dividends

	2016 £	2015 £
Ordinary		
Interim dividend of £5.55 (2015: £0.75)	220,440	29,790
Interim dividend of £5.00 (2015: £2.20)	198,595	87,382
Interim dividend of £Nil (2015: £4.80)	-	190,651
Preference		
Dividends paid on shares classed as debt	51,600	43,200
	<u>470,635</u>	<u>351,023</u>

14. Intangible assets

Group	Goodwill £
Cost	
At 1 January 2016	678,607
Additions	-
At 31 December 2016	<u>678,607</u>
Accumulated amortisation	
At 1 January 2016	678,607
Charge for the year	-
At 31 December 2016	<u>678,607</u>
Carrying amount	
At 31 December 2016	-
At 31 December 2015	-

The company has no intangible assets.

KILCO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

15. Tangible assets

Group	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Equipment £	Assets under construction £	Total £
Cost							
At 1 Jan 2016	1,748,678	2,597,934	91,310	441,022	320,245	-	5,119,189
Additions	25,472	335,813	3,859	176,174	70,108	52,470	663,896
Disposals	-	(130,231)	(60)	(117,267)	(25,354)	-	(272,912)
At 31 Dec 2016	1,774,150	2,803,516	95,109	499,929	364,999	52,470	5,590,173
Accumulated depreciation							
At 1 Jan 2016	517,171	1,801,753	75,967	192,590	176,464	-	2,763,945
Charge for the year	32,059	301,991	3,046	108,149	70,874	-	516,119
Disposals	-	(123,487)	(30)	(66,072)	(25,278)	-	(214,867)
At 31 Dec 2016	549,230	1,980,257	78,983	234,667	220,060	-	3,065,197
Carrying amount							
At 31 Dec 2016	1,224,920	823,259	16,126	265,262	142,939	52,470	2,524,976
At 31 Dec 2015	1,231,507	796,181	15,928	248,432	143,781	-	2,435,244

The company has no tangible assets.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Motor vehicles	136,651	-	-	-
	136,651	-	-	-

16. Investments

Group

The group has no investments.

Company	Shares in group undertakings £
Cost	
At 1 Jan 2016	964,502
Additions	-
At 31 December 2016	964,502
Impairment	
At 1 Jan 2016 and 31 Dec 2016	-
Carrying amount	
At 31 December 2016	964,502
At 31 December 2015	964,502

KILCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

16. Investments (continued)

Details of the investments in which the parent company has an interest are as follows:

	Country of incorporation	Class of share	Percentage of shares held
Subsidiary undertakings			
Kilco (International) Ltd	Northern Ireland	Ordinary	100
Kilco Danmark ApS	Denmark	Ordinary	100
Kilco Deutschland GmbH	Germany	Ordinary	100
*Pharmatec International Limited	Northern Ireland	Ordinary	100
*Kilco Chemicals Limited	Northern Ireland	Ordinary	100
*Kilco Chemicals (UK) Limited	Northern Ireland	Ordinary	100
*Vitapharm Limited	Northern Ireland	Ordinary	100

The principal activity of each company during the year was the manufacture and distribution of chemical products.

* Investment held by a subsidiary company with each of these subsidiary undertakings being dormant.

17. Stocks

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Raw materials and packaging	1,192,446	1,012,089	-	-
Work in progress	490,332	467,836	-	-
Horse breeding	317,870	286,370	-	-
	<u>2,000,648</u>	<u>1,766,295</u>	<u>-</u>	<u>-</u>

18. Debtors

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	4,021,544	3,213,946	-	-
Amounts owed by related parties	697,361	697,632	377,077	-
Prepayments and accrued income	129,497	90,549	-	-
Other debtors	398,300	636,705	-	-
	<u>5,246,702</u>	<u>4,638,832</u>	<u>377,077</u>	<u>-</u>

Amounts owed by related parties are unsecured, interest free and repayable on demand.

KILCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

19. Cash at bank and in hand

Cash and cash equivalents comprise the following:

	2016 £	2015 £
Cash at bank and in hand	<u>1,364,674</u>	<u>327,818</u>

20. Creditors: amounts falling due within one year

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Bank loans (note 22)	54,410	-	-	-
Trade creditors	2,682,188	2,095,608	-	-
Amounts owed to group companies	-	-	49,760	24,783
Accruals and deferred income	297,740	186,047	-	-
Corporation tax	31,632	-	2,100	-
Other tax and social security	73,582	97,783	-	-
Obligations under finance lease and hire purchase contracts (note 22)	40,477	-	-	-
Other creditors	152,580	40,721	-	-
	<u>3,332,609</u>	<u>2,420,159</u>	<u>51,860</u>	<u>24,783</u>

Amounts owed to group companies are unsecured, interest free and repayable on demand.

Secured loans

The bank loan is secured by the following:

- An all monies Debenture conferring on the bank fixed and floating charges over the property assets undertaking rights and revenues of the borrower and its subsidiaries;
- An all monies legal charge over property held at Broomhouse 2, Industrial Estate, Glasgow Road, Lockerbie;
- A negative pledge from the borrower and the subsidiaries; and
- An all monies legal charge over the property held at 1A Trench Road, Newtownabbey, Mallusk.

21. Creditors: amounts falling due after more than one year

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Bank loans (note 22)	430,888	-	-	-
Obligations under finance lease and hire purchase contracts (note 22)	70,525	-	-	-
Share capital treated as debt	1,250,000	900,000	1,250,000	900,000
	<u>1,751,413</u>	<u>900,000</u>	<u>1,250,000</u>	<u>900,000</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 25.

KILCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

22. Loans and other borrowings

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Amounts falling due within one year				
Bank loans	54,410	-	-	-
Net obligations under finance leases and hire purchase contracts	40,477	-	-	-
	<u>94,887</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts falling due in one to two years				
Bank loans	45,102	-	-	-
Net obligations under finance leases and hire purchase contracts	43,925	-	-	-
	<u>89,027</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts falling due 2-5 years				
Bank loans	144,697	-	-	-
Net obligations under finance leases and hire purchase contracts	26,600	-	-	-
	<u>171,297</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than 5 years				
Bank loans	241,089	-	-	-
	<u>241,089</u>	<u>-</u>	<u>-</u>	<u>-</u>

KILCO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

23. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Financial assets held at amortised cost				
Trade debtors	4,021,544	3,213,946	-	-
Amounts owed by related parties	697,361	697,632	377,077	-
Cash balances	1,364,674	327,818	-	-
Other debtors	398,300	375,522	-	-
	<u>6,481,879</u>	<u>4,614,918</u>	<u>377,077</u>	<u>-</u>

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Financial liabilities held at amortised cost				
Trade creditors	2,682,188	2,095,608	-	-
Amounts owed to group companies	-	-	49,760	24,783
Accruals and deferred income	294,740	186,047	-	-
Other creditors	152,580	40,721	-	-
Obligations under finance lease and hire purchase contracts	111,002	-	-	-
Bank loans	485,298	-	-	-
Preference shares treated as debt	1,250,000	900,000	1,250,000	900,000
	<u>4,975,808</u>	<u>3,222,376</u>	<u>1,299,760</u>	<u>924,783</u>

KILCO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

24. Deferred tax

The deferred tax included in the balance sheet is as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Included in provisions	<u>41,882</u>	<u>67,923</u>	<u>-</u>	<u>-</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Accelerated capital allowances	<u>41,882</u>	<u>67,923</u>	<u>-</u>	<u>-</u>

Group**Deferred tax**

At 1 January 2015

£ 67,923

Charged to consolidated statement of comprehensive income

(26,041)

At 31 December 2016

41,882

25. Called up share capital**Shares classified as equity**

Allotted and fully paid

39,719 (2015: 39,719) ordinary shares of £1 each

2016

No.

£

39,719

39,719

Shares classified as debt

Allotted and fully paid

1,250,000 (2015: 900,000) preference shares of £1 each

2016

No.

£

1,250,000

1,250,000

KILCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

25. Called up share capital (*continued*)

The ordinary shares and the cumulative redeemable preference shares shall have the same rights and privileges and shall rank *pari passu* in all respects save that:

As regards voting

The holders of the cumulative redeemable preference shares shall not be entitled to vote at any general meeting of the company unless:

- at the date of the notice or requisition to convene the meeting the fixed cumulative preferential dividend is in arrears for more than six months after any date fixed for payment of it;
- any resolution is proposed for the winding-up of the company, in which case the holders may only then vote at the general meeting on the election of a chairman and any motion for adjournment and the resolution for winding-up;
- the meeting is convened to consider the purchase by the company of any of its own shares, or a reduction of the capital of, the company; or
- the proposition to be submitted to the meeting abrogates, varies or otherwise directly affects the special rights and privileges attaching to the redeemable preference shares.

On a show of hands every holder of redeemable preference shares present in person shall have one vote, and on a poll every such holder present in person or by proxy shall have one vote for every redeemable preference share held by him.

As regards dividends

Annual dividends bearing a 4.8% coupon on the paid up capital on the shares will be payable annually on 31 December.

As regards liquidation

Cumulative redeemable preference shares shall entitle the holders thereof on a winding-up in priority to any return of capital on any other class of shares, to repayment of all paid up capital and arrears of dividends.

KILCO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

26. Cash generated from/ (used in) operations

	2016	2015
	£	£
Profit for the financial year	689,546	884,425
Tax on profit on ordinary activities	149,564	(222,884)
Net interest expense	12,270	55,675
Operating profit	851,380	717,216
<i>Adjustments for:</i>		
Depreciation of tangible assets	516,119	426,995
Loss/(gain) on disposal of tangible assets	10,612	(19,044)
Capital grant released	(41,000)	-
<i>Changes in:</i>		
Stocks	(234,353)	(526,258)
Trade and other debtors	(867,723)	(299,474)
Trade and other creditors	787,410	(319,729)
	<u>1,022,445</u>	<u>(20,294)</u>

27. Contingent liabilities

The group is currently in correspondence with HMRC over the taxation treatment of a transaction arising in prior years. For commercial reasons the company views disclosing the potential quantum of the possible liability as seriously prejudicial to its position. The Director believes that a liability may not exist and he has taken legal advice to support his position. Accordingly, no provision for any potential liability has been made in these financial statements.

KILCO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

28. Related party transactions

Group

There were no material transactions during the year between the group and Mr G McGladery, other than those disclosed under directors emoluments and dividends.

The company has availed of the exemption in under paragraph 33.1A from the provisions of FRS 102, on the grounds that all of the voting rights of the company are controlled within the group.

Kilco (No. 1) Limited is regarded as a related party due to it having Mr G McGladery, the ultimate controlling party of Kilco (International) Ltd, as a director. Mrs M McGladery is regarded as a related party.

Balances outstanding with related parties at the year-end were as follows:

	2016	2015
	£	£
Amounts owed by Kilco (No. 1) Limited	697,632	697,632
Amounts owed by/(to) Mr G McGladery	87,320	213,546

All trading transactions were made on normal commercial terms.

The company has no related party transactions.

29. Ultimate controlling party

Group and Company

The director regards Mr G McGladery as the ultimate controlling party of Kilco Holdings Limited.