

Kilco Holdings Limited
Annual report and financial statements
for the year ended 31 December 2017



KILCO HOLDINGS LIMITED
REPORT AND GROUP FINANCIAL STATEMENTS
Year Ended 31 December 2017

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 – 9
Consolidated statement of comprehensive income	10
Consolidated balance sheet	11
Company balance sheet	12
Consolidated statement of changes in equity	13
Company statement of changes in equity	14
Consolidated statement of cash flows	15
Notes to the financial statements	16 - 35

KILCO HOLDINGS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Director	G McGladery
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	Morton Fraser LLP Quatermile Two 2 Lister Square Edinburgh EH3 9GL

KILCO HOLDINGS LIMITED

STRATEGIC REPORT

Year Ended 31 December 2017

The director presents his strategic report for the group for the year ended 31 December 2017.

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 group. Overheads, costs and demand in the industry remain at fairly consistent levels and consequently the key driver to increase shareholder wealth is growing turnover and the improvement of the gross profit margin. Financial performance for the year is considered satisfactory and budgeted levels of operations for the 2018 year along with actual performance to date indicate that the group will maintain or improve on the results of 2017.

Future developments

The external commercial environment is expected to remain competitive in 2018. The financial year ahead will be a challenging one due to the current global economic climate.

Key performance indicators

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

	2017	2016
Turnover (£000's)	19,568	16,587
Gross profit %	43	42

KILCO HOLDINGS LIMITED

STRATEGIC REPORT

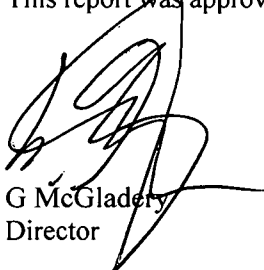
Year Ended 31 December 2017

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 18th April 2018: 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

DIRECTOR'S REPORT

Year Ended 31 December 2017

The director presents his report and the audited financial statements of the group and the company for the year ended 31 December 2017.

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 £751,388 (2016: £689,546). Particulars of recommended dividends are detailed in note 15 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 2017

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 of 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 18th April 2018 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 2017

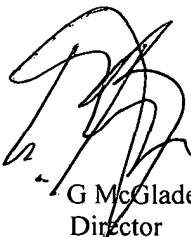
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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



G McGladery
Director
18th April 2018

KILCO HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KILCO HOLDINGS LIMITED

Year Ended 31 December 2017

Report on the audit of the financial statements

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 2017 and of the group's profit and cash flows for the year then ended;
- have been properly prepared 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the consolidated statement of comprehensive income, the consolidated balance sheet and company balance sheet as at 31 December 2017, the consolidated and company statement of changes in equity, the consolidated statement of cash flows; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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 and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information.

KILCO HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KILCO HOLDINGS LIMITED

Year Ended 31 December 2017

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 based on these responsibilities. With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included. Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

KILCO HOLDINGS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KILCO
HOLDINGS LIMITED****Year Ended 31 December 2017****Other required reporting****Companies Act 2006 exception reporting**

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
- certain disclosures of directors' remuneration specified by law are not made; 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.



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

18 April 2018

KILCO HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	5	19,568,046	16,586,960
Cost of sales		(11,171,089)	(9,590,075)
Gross profit		8,396,957	6,996,885
Distribution costs		(1,276,599)	(978,891)
Administrative expenses		(5,804,843)	(5,234,923)
Other operating income	6	25,666	67,390
Exceptional items	7	(313,870)	-
Operating profit	8	1,027,311	850,461
Interest receivable and similar income		-	56,007
Interest payable and similar charges	12	(95,492)	(68,277)
Profit on ordinary activities before taxation		931,819	838,191
Tax on profit on ordinary activities	13	(178,587)	(148,645)
Profit for the financial year		753,232	689,546
Other comprehensive income:			
Foreign exchange loss on translation of foreign subsidiaries		(1,844)	1,478
Profit for the financial year and total comprehensive income		751,388	691,024

All the activities of the group are from continuing operations.

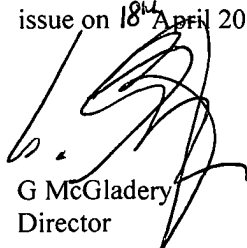
KILCO HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET

31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	17	2,636,314	2,524,976
		<u>2,636,314</u>	<u>2,524,976</u>
Current assets			
Stocks	19	1,488,530	2,000,648
Debtors	20	5,978,710	5,246,702
Cash at bank and in hand	21	1,288,158	1,364,674
		<u>8,755,398</u>	<u>8,612,024</u>
Creditors: amounts falling due within one year	22	<u>(3,088,272)</u>	<u>(3,332,609)</u>
Net current assets		<u>5,667,126</u>	<u>5,279,415</u>
Total assets less current liabilities		<u>8,303,440</u>	<u>7,804,391</u>
Creditors: amounts falling due after more than one year	23	<u>(1,742,644)</u>	<u>(1,751,413)</u>
Provisions			
Deferred taxation	27	(95,502)	(41,882)
Deferred income	25	(100,000)	-
Net assets		<u>6,365,294</u>	<u>6,011,096</u>
Capital and reserves			
Called up share capital	28	39,719	39,719
Capital redemption reserve		5,281	5,281
Profit and loss account		6,320,294	5,966,096
Shareholder's funds		<u>6,365,294</u>	<u>6,011,096</u>

These financial statements on pages 10 to 35 were approved by the board of directors and authorised for issue on 18th April 2018, 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

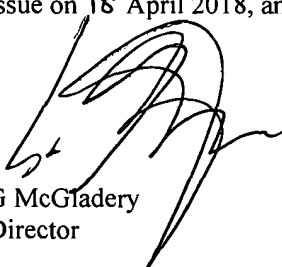
KILCO HOLDINGS LIMITED

COMPANY BALANCE SHEET

31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	18	964,502	964,502
Current assets			
Debtors: due within one year	20	379,045	377,077
Creditors: amounts falling due within one year	22	(53,828)	(51,860)
Net current assets		<u>325,217</u>	<u>325,217</u>
Total assets less current liabilities		1,289,719	1,289,719
Creditors: amounts falling due after more than one year	23	(1,250,000)	(1,250,000)
Net assets		<u>39,719</u>	<u>39,719</u>
Capital and reserves			
Called up share capital	28	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 18th April 2018, 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 2017

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Shareholder's funds £
At 1 January 2016	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 15			(419,035)	(419,035)
Total investments by and distributions to owners			(419,035)	(419,035)
At 31 December 2016	39,719	5,281	5,966,096	6,011,096
Profit for the financial year			753,232	753,232
Foreign exchange loss on translation of subsidiaries			(1,844)	(1,844)
Total comprehensive income for the year			751,388	751,388
Dividends paid and payable 15			(397,190)	(397,190)
Total investments by and distributions to owners			(397,190)	(397,190)
At 31 December 2017	39,719	5,281	6,320,294	6,365,294

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

KILCO HOLDINGS LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2017

	Called up share capital £	Profit and loss account £	Shareholder's funds £
At 1 January 2016	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 payables		(419,035)	(419,035)
Total investments by and distributions to owners	-	(419,035)	(419,035)
At 31 December 2016	39,719	-	39,719
Profit for the financial year	-	397,190	397,190
Total comprehensive income for the year	-	397,190	397,190
Dividends paid and payable		(397,190)	(397,190)
Total investments by and distributions to owners	-	(457,190)	(397,190)
At 31 December 2017	39,719	-	39,719

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

KILCO HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended 31 DECEMBER 2017

	Note	2017 £	2016 £
Cash generated from/(used in) operations	29	1,111,671	1,022,445
Tax received/(paid)		(180,392)	115,879
Net cash generated from/(used in) operating activities		<u>931,279</u>	<u>1,138,324</u>
Cash flows from investing activities			
Purchase of tangible assets		(596,155)	(532,122)
Proceeds from sale of tangible assets		84,997	47,433
Interest received		-	56,007
Net cash used in investing activities		<u>(511,158)</u>	<u>(428,682)</u>
Cash flows from financing activities			
New bank loans		-	500,000
Repayment of bank loans		(39,264)	(14,702)
Repayment of hire purchase		(64,691)	(20,772)
Receipt of capital grant		100,000	-
Issue of preference shares		-	350,000
Interest paid		(95,492)	(68,277)
Dividends paid		(397,190)	(419,035)
Net cash from/(used in) financing activities		<u>(496,637)</u>	<u>327,214</u>
Net increase/(decrease) in cash and cash equivalents		(76,516)	1,036,856
Cash and cash equivalents at beginning of year		<u>1,364,674</u>	<u>327,818</u>
Cash and cash equivalents at end of year	21	<u>1,288,158</u>	<u>1,364,674</u>

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

KILCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2017

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 2017

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 2017

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 2017

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/NI cap included within the legislation, these credits are, in substance, a government grant. The group has elected to meet 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 2017

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 2017

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 2017

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 2017

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. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the group's accounting policies

There are no critical judgements in applying the group's accounting policies.

(b) Key accounting estimates and assumptions

There are no critical accounting estimates and assumptions.

5. Turnover

	2017	2016
	£	£
Sale of goods in the UK, Europe and the Middle East	<u>19,568,046</u>	<u>16,586,960</u>

6. Other operating income

	2017	2016
	£	£
Other operating income	<u>25,666</u>	<u>67,390</u>

KILCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2017

7. Exceptional items

	2017	2016
	£	£
Horse stock written off	313,870	-
	<u>313,870</u>	<u>-</u>

8. Operating profit

Operating profit is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation of owned tangible assets	520,640	490,630
Depreciation of assets held on hire purchase	57,808	25,489
Loss/(profit) on disposal of tangible assets	(28,085)	10,612
Research and development expenditure	143,688	185,129
Foreign exchange (gain)/loss	(227,690)	(442,245)
Stock recognised as an expense	11,484,959	9,590,075
	<u>11,484,959</u>	<u>9,590,075</u>

9. Auditors' remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements:		
- Parent company and consolidated financial statements	2,700	2,500
- Subsidiaries	16,000	15,000
Fees payable for taxation services	3,950	2,500
	<u>3,950</u>	<u>2,500</u>

10. Staff costs

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

	2017	2016
	Number	Number
Production staff	37	39
Administrative staff	10	12
Selling and distribution	34	25
Directors	1	1
	<u>82</u>	<u>77</u>

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

	2017	2016
	£	£
Wages and salaries	2,833,056	2,537,922
Social security costs	243,888	213,012
Other pension costs	79,915	118,602
	<u>3,156,859</u>	<u>2,869,536</u>

KILCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2017

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

11. Director's remuneration

	2017	2016
	£	£
Director's emoluments	28,800	31,655
Contributions to pension scheme	-	10,029
	<u>28,800</u>	<u>41,684</u>

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2016 - £10,029).

12. Interest payable and similar charges

	2017	2016
	£	£
Bank interest payable	35,492	16,677
Preference share dividends	60,000	51,600
	<u>95,492</u>	<u>68,277</u>

13. Tax on profit on ordinary activities

Major components of tax expense

	2017	2016
	£	£
Current tax:		
UK current tax expense	43,177	207,656
Adjustments in respect of previous periods	(102,432)	(32,970)
Settlement of an HMRC claim	184,222	-
	<u>124,967</u>	<u>174,686</u>
Total current tax		

	2017	2016
	£	£
Deferred tax:		
Origination and reversal of timing differences	24,548	(26,197)
Impact of change in tax rate	(2,865)	156
Adjustments in respect of previous period	31,937	-
	<u>53,620</u>	<u>(26,041)</u>
Total deferred tax		
Tax on profit on ordinary activities	<u>178,587</u>	<u>148,645</u>

KILCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2017

13. 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 (2016: lower than) the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%).

	2017 £	2016 £
Profit on ordinary activities before taxation	931,819	838,191
Profit on ordinary activities by rate of tax	179,375	167,638
Effects of:		
Adjustments in respect of previous periods	(70,495)	(27,349)
Effect of expenses not deductible for tax purposes	68,112	202,491
Settlement of an HMRC claim	184,222	-
Non-taxable income	(179,762)	(194,291)
Impact of change in tax rate	(2,865)	156
Tax on profit on ordinary activities	178,587	148,645

Factors that may affect future charges

The UK Corporation Tax rate currently in force is 19%. This rate has been reduced from 20% to 19% from 1 April 2017, and to 17% from 1 April 2020. Both of these rate changes were enacted by Finance (No 2) Act 2015; and were substantively enacted (for UK GAAP and IFRS purposes) on 26 October 2015.

14. Profit for the year of the parent company

The profit for the financial year of the parent company was £397,190 (2016: £419,035).

KILCO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2017

15. Dividends

	2017 £	2016 £
Ordinary		
Interim dividend of £10.00 (2016: £5.55)	397,190	220,440
Interim dividend of £nil (2016: £5.00)	-	198,595
Preference		
Dividends paid on shares classed as debt	60,000	51,600
	<u>457,190</u>	<u>470,635</u>

16. Intangible assets

Group	Goodwill £
Cost	
At 1 January 2017	678,607
Additions	-
At 31 December 2017	<u>678,607</u>
Accumulated amortisation	
At 1 January 2017	678,607
Charge for the year	-
At 31 December 2017	<u>678,607</u>
Carrying amount	
At 31 December 2017	<u>-</u>
At 31 December 2016	<u>-</u>

The company has no intangible assets.

KILCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2017

17. Tangible assets

Group	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Equipment £	Assets under construction £	Total £
Cost							
At 1 Jan 2017	1,774,150	2,803,516	95,109	499,929	364,999	52,470	5,590,173
Additions	4,973	486,401	2,486	222,674	30,164	-	746,698
Disposals	-	(562)	(99)	(260,921)	(34,888)	-	(296,470)
Transfer	-	52,470	-	-	-	(52,470)	-
At 31 Dec 2017	1,779,123	3,341,825	97,496	461,682	360,275	-	6,040,401
Accumulated depreciation							
At 1 Jan 2017	549,230	1,980,257	78,983	234,667	222,060	-	3,065,197
Charge for the year	32,542	329,889	2,810	137,742	75,465	-	578,448
Disposals	-	(342)	(5)	(205,651)	(33,560)	-	(239,558)
At 31 Dec 2017	581,772	2,309,804	81,788	166,758	263,965	-	3,404,087
Carrying amount							
At 31 Dec 2017	1,197,351	1,032,021	15,708	294,924	96,310	-	2,636,314
At 31 Dec 2016	1,224,920	823,259	16,126	265,262	142,939	52,470	2,524,976

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	
	2017	2016	2017	2016
	£	£	£	£
Motor vehicles	186,405	136,651	-	-
	186,405	136,651	-	-

18. Investments

Group

The group has no investments.

Company	Shares in group undertakings £
Cost	
At 1 Jan 2017	964,502
Additions	-
At 31 December 2017	964,502
Impairment	
At 1 Jan 2016 and 31 Dec 2016	-
Carrying amount	
At 31 December 2017	964,502
At 31 December 2016	964,502

KILCO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2017

18. 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.

The registered address of the UK subsidiary undertakings is IA Trench Road, Mallusk, Belfast, Northern Ireland, BT36 4TY. Kilco Danmark ApS registered address is Jens CHR.Skous Vej 1, 8000 Aarhus C, Denmark and the registered address for Kilco Deutschland GmbH is Stadtweide 17, 46446 Emmerich am Rhein, Germany.

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

19. Stocks

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Raw materials and packaging	1,125,648	1,192,446	-	-
Work in progress	358,882	490,332	-	-
Horse breeding	4,000	317,870	-	-
	<u>1,488,530</u>	<u>2,000,648</u>	<u>-</u>	<u>-</u>

20. Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	4,398,252	4,021,544	-	-
Amounts owed by related parties	697,332	697,361	379,045	377,077
Prepayments and accrued income	159,972	129,497	-	-
Other debtors	515,139	398,300	-	-
Corporation tax	208,015	-	-	-
	<u>5,978,710</u>	<u>5,246,702</u>	<u>379,045</u>	<u>377,077</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 2017

21. Cash at bank and in hand

Cash and cash equivalents comprise the following:

	2017 £	2016 £
Cash at bank and in hand	<u>1,288,158</u>	<u>1,364,674</u>

22. Creditors: amounts falling due within one year

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Bank loans (note 24)	56,138	54,410	-	-
Trade creditors	2,279,880	2,682,188	-	-
Amounts owed to group companies	-	-	49,760	49,760
Accruals and deferred income	420,869	450,320	-	-
Corporation tax	-	31,632	4,068	2,100
Other tax and social security	237,279	73,582	-	-
Obligations under finance lease and hire purchase contracts (note 24)	94,106	40,477	-	-
	<u>3,088,272</u>	<u>3,332,609</u>	<u>53,828</u>	<u>51,860</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.

KILCO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2017

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans (note 24)	389,896	430,888	-	-
Obligations under finance lease and hire purchase contracts (note 24)	102,748	70,525	-	-
Share capital treated as debt	1,250,000	1,250,000	1,250,000	1,250,000
	<u>1,742,644</u>	<u>1,751,413</u>	<u>1,250,000</u>	<u>1,250,000</u>

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

24. Loans and other borrowings

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts falling due within one year				
Bank loans	56,138	54,410	-	-
Net obligations under finance leases and hire purchase contracts	94,106	40,477	-	-
	<u>150,244</u>	<u>94,887</u>	<u>-</u>	<u>-</u>
Amounts falling due in one to two years				
Bank loans	43,730	45,102	-	-
Net obligations under finance leases and hire purchase contracts	76,782	43,925	-	-
	<u>120,512</u>	<u>89,027</u>	<u>-</u>	<u>-</u>
Amounts falling due 2-5 years				
Bank loans	131,190	144,697	-	-
Net obligations under finance leases and hire purchase contracts	25,966	26,600	-	-
	<u>157,156</u>	<u>171,297</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than 5 years				
Bank loans	214,976	241,089	-	-
	<u>214,976</u>	<u>241,089</u>	<u>-</u>	<u>-</u>

KILCO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2017

25. Deferred income

Group	Capital grant £
At 1 January 2017	-
Addition	<u>100,000</u>
At 31 December 2017	<u><u>100,000</u></u>

26. Financial instruments

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Financial assets held at amortised cost				
Trade debtors	4,398,253	4,021,544	-	-
Amounts owed by related parties	697,332	697,361	379,045	377,077
Cash balances	1,288,158	1,364,674	-	-
Other debtors	515,139	398,300	-	-
	<u>6,898,882</u>	<u>6,481,879</u>	<u>379,045</u>	<u>377,077</u>
	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Financial liabilities held at amortised cost				
Trade creditors	2,279,880	2,682,188	-	-
Amounts owed to group companies	-	-	49,760	49,760
Accruals and deferred income	420,869	447,320	-	-
Obligations under finance lease and hire purchase contracts	196,854	111,002	-	-
Bank loans	446,034	485,298	-	-
Preference shares treated as debt	1,250,000	1,250,000	1,250,000	1,250,000
	<u>4,593,637</u>	<u>4,975,808</u>	<u>1,299,760</u>	<u>1,299,760</u>

KILCO HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 2017

27. Deferred tax

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Included in provisions	<u>95,502</u>	<u>41,882</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Accelerated capital allowances	<u>95,502</u>	<u>41,882</u>	<u>-</u>	<u>-</u>

Group	Deferred tax
	£
At 1 January 2016	41,882
Charged to consolidated statement of comprehensive income	53,620
At 31 December 2017 (asset)	<u>95,502</u>

28. Called up share capital

Shares classified as equity

	2017	2016
	No.	£
Allotted and fully paid		
39,719 (2016: 39,719) ordinary shares of £1 each	<u>39,719</u>	<u>39,719</u>

Shares classified as debt

	2017	2016
	No.	£
Allotted and fully paid		
1,250,000 (2016: 1,250,000) preference shares of £1 each	<u>1,250,000</u>	<u>1,250,000</u>

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;

KILCO HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****Year Ended 31 December 2017****28. Called up share capital (*continued*)**

- 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 2017

29. Cash generated from/ (used in) operations

	2017	2016
	£	£
Profit for the financial year	731,081	689,546
Tax on profit on ordinary activities	200,738	149,564
Net interest expense	95,492	12,270
Operating profit	<u>1,027,311</u>	<u>851,380</u>
<i>Adjustments for:</i>		
Depreciation of tangible assets	578,448	516,119
Loss/(gain) on disposal of tangible assets	(28,085)	10,612
Capital grant released	-	(41,000)
<i>Changes in:</i>		
Stocks	512,118	(234,353)
Trade and other debtors	(523,993)	(867,723)
Trade and other creditors	(454,128)	787,410
	<u><u>1,111,671</u></u>	<u><u>1,022,445</u></u>

30. 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:

	2017	2016
	£	£
Amounts owed by Kilco (No. 1) Limited	697,332	697,632
Amounts owed by/(to) Mr G McGladery	363,200	87,320

All trading transactions were made on normal commercial terms.

The company has no related party transactions.

31. Ultimate controlling party

Group and Company

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