

**Kerax (Chorley) Limited**

**Annual report and consolidated  
financial statements**

**Registered number 05709663**

**31 December 2015**



## Contents

Strategic Report	1
Directors' Report	2
Statement of directors' responsibilities in respect of the annual report and the financial statements	3
Independent auditor's report to the members of Kerax (Chorley) Limited	4
Consolidated Profit and Loss Account and Other Comprehensive Income	6
Consolidated Balance Sheet	7
Company Balance sheet	8
Consolidated Statement of Changes in Equity	9
Consolidated Cash Flow Statement	10
Notes	11

## Strategic Report

The directors present their annual report and audited financial statements for the year ended 31 December 2015.

### Principal activities

The principal activity of the company during the year was that of a holding company.

The principal activity of the group during the year was sales, marketing and manufacture of performance wax and quality lubricant products to the UK and European market.

### Business review and outlook

The business maintained strong sales of £28.5m (2014: £28.5m including £6.1m of pre-acquisition sales) alongside careful cost control continuing to produce a strong operating profit for the year of £1.9m (2014: £1m including £0.3m of pre-acquisition operating profit), a growth of 90%.

Sales have been maintained on both sides of the business, wax and lubricants.

Operating profit has increased substantially due to a continued effort to manage our cost base effectively whilst benefitting from favourable foreign exchange rates throughout 2015.

There are still many new business opportunities available and the business is concentrating on development of new products to improve sales.

Net worth continues to be strong and substantial at £5.2m (2014: £3.7m)

### Key performance indicators

The directors monitor and manage the performance of the group assisted by the production of detailed monthly management reports containing detailed monthly accounts and a number of key financial and non-financial performance measures. Key financial performance measures include profitability and cash management.

### Principal risks and uncertainties

The company makes little use of financial instruments other than an operational bank account, secured borrowings and some forward contracts, so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit of the group.

By order of the board



Mr I D Appleton  
Director

29th June 2016

## Directors' Report

The directors present their directors' report and financial statements for the year ended 31 December 2015.

### Dividends

The directors do not recommend the payment of a dividend this year or in 2014.

### Directors

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

I D Appleton  
L C Appleton

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**Mr I D Appleton**  
Director

29th June 2016

Company registered number: 5709663

## **Statement of directors' responsibilities in respect of the annual report and the financial statements**

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



## KPMG LLP

Edward VII Quay  
Navigation Way  
Preston  
PR2 2YF  
United Kingdom

### **Independent auditor's report to the members of Kerax (Chorley) Limited**

We have audited the financial statements of Kerax (Chorley) Limited for the year ended 31 December 2015 set out on pages 6 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion 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 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of Kerax (Chorley) Limited**  
*(continued)*

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



**Hywel Jones (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Edward VII Quay  
Navigation Way  
Preston  
PR2 2YF

01 July 2016

**Consolidated Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2015*

	<i>Note</i>	2015 £	2014 £
<b>Turnover</b>	2	<b>28,543,727</b>	22,406,847
Cost of sales		<b>(21,970,551)</b>	(18,135,648)
<b>Gross profit</b>		<b>6,573,176</b>	4,271,199
Distribution costs		(873,372)	(621,740)
Administrative expenses		(3,600,303)	(2,900,866)
Amortisation		(199,789)	(43,020)
Other operating income	3	-	33,750
<b>Operating profit</b>	4	<b>1,899,712</b>	739,323
Other interest receivable and similar income		1	309
Interest payable and similar charges	7	(282)	(147)
<b>Profit on ordinary activities before taxation</b>		<b>1,899,431</b>	739,485
Tax on profit on ordinary activities	8	(385,661)	(83,298)
<b>Profit for the financial year</b>		<b>1,513,770</b>	656,187
<b>Total comprehensive income for the year</b>		<b>1,513,770</b>	656,187
Retained earnings at 1 January 2015		<b>3,654,572</b>	2,998,385
Retained earnings at 31 December 2015		<b>5,168,342</b>	3,654,572

There were no recognised gains and losses other than as shown in the profit and loss account above.

All activities of the group are classified as continuing.



## Consolidated Balance Sheet at 31 December 2015

	Note	2015		2014	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	10				
Goodwill			751,062		954,624
Negative goodwill			(37,745)		(41,518)
Net goodwill			713,317		913,106
Tangible assets	11		1,012,854		1,060,458
			1,726,171		1,973,564
<b>Current assets</b>					
Stocks	13	3,716,572		3,393,582	
Debtors	14	3,871,693		3,805,245	
Cash at bank and in hand		290,224		223,124	
		7,878,489		7,421,951	
<b>Creditors: amounts falling due within one year</b>	15	(4,307,635)		(4,967,735)	
<b>Net current assets</b>			3,570,854		2,454,216
<b>Total assets less current liabilities</b>			5,297,025		4,427,780
<b>Creditors: amounts falling due after more than one year</b>	16		-		(640,311)
<b>Provisions for liabilities</b>					
Deferred taxation	17		(128,583)		(132,797)
			5,168,442		3,654,672
<b>Capital and reserves</b>					
Called up share capital	21		100		100
Profit and loss account	22		5,168,342		3,654,572
<b>Shareholders' funds</b>	23		5,168,442		3,654,672

The notes on page 11 to 24 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 29/6/2016 and were signed on its behalf by:



**Mr I D Appleton**  
Director

Company registered number: 5709663

**Company Balance sheet**  
*at 31 December 2015*

	<i>Note</i>	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
<b>Fixed assets</b>			
Investments	12	3,640,105	3,640,105
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>3,640,105</b>	<b>3,640,105</b>
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	21	100	100
Profit and loss account	22	3,640,005	3,640,005
		<hr/>	<hr/>
<b>Shareholders' funds</b>		<b>3,640,105</b>	<b>3,640,105</b>
		<hr/>	<hr/>

The notes on page 11 to 24 form an integral part of these financial statements.

These financial statements were approved by the board of directors on  
on its behalf by:

29/6/ 2016 and were signed

*Ian Appleton*

**Mr I D Appleton**  
*Director*

Company registered number: 5709663

**Consolidated Statement of Changes in Equity**  
*for the year ended 31 December 2015*

	<b>Called up Share capital £</b>	<b>Profit and loss account £</b>	<b>Total equity £</b>
Balance at 1 January 2014	100	3,011,762	3,011,862
Effect of change in accounting policy	-	(13,377)	(13,377)
	<hr/>	<hr/>	<hr/>
Balance at 1 January 2014 restated	100	2,998,385	2,998,485
<b>Total comprehensive income for the period</b>			
Profit	-	656,187	656,187
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	656,187	656,187
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2014</b>	<b>100</b>	<b>3,654,572</b>	<b>3,654,672</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Balance at 1 January 2015	100	3,654,572	3,654,672
<b>Total comprehensive income for the period</b>			
Profit	-	1,513,770	1,513,770
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	1,513,770	1,513,770
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2015</b>	<b>100</b>	<b>5,168,342</b>	<b>5,168,442</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Consolidated Cash Flow Statement**  
*for the year ended 31 December 2015*

	<i>Note</i>	2015	2014
		£	£
<b>Net cash inflow from operating activities</b>	24	1,806,596	1,549,185
<b>Returns on investments and servicing of finance</b>			
Interest received	1	309	
Interest paid	(282)	(147)	
<b>Net cash (outflow)/inflow from returns on investments and servicing of finance</b>		(281)	162
<b>Taxation</b>		(112,793)	(44,790)
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets	(205,258)	(461,022)	
Cash received from tangible fixed asset disposal	-	368	
Payments to acquire subsidiaries	-	(2,350,000)	
<b>Net cash (outflow) from capital expenditure</b>		(205,258)	(2,810,654)
<b>Cash inflow/(outflow) before management of liquid resources and financing</b>		1,488,264	(1,306,097)
<b>Financing</b>			
(Decrease)/increase of other creditors	(547,984)	510,427	
New loans	-	2,350,000	
Repayment of loans	(873,180)	(1,476,820)	
<b>Net cash (outflow)/inflow from financing</b>		(1,421,164)	1,383,607
<b>Increase in cash</b>		67,100	77,510

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Kerax (Chorley) Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 28.

#### ***Basis of accounting***

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable UK accounting standards.

#### ***Basis of consolidation***

The consolidated financial statements incorporate the financial statements of the company and all subsidiary undertakings.

These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation, representing the excess of consideration paid over the fair values of the net assets acquired, is capitalised and written off in line with the accounting policy. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively.

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

#### ***Going concern***

The directors have a reasonable expectation that the group will continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### ***Turnover***

The turnover shown in the profit and loss accounts represents amounts receivable in relation to goods despatched and services performed during the year in relation to oil and grease products, exclusive of value added tax.

#### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### ***Taxation***

Tax on the profit or loss for the year comprises current and deferred tax.

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. It is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

## Notes (continued)

### 1 Accounting policies (continued)

#### **Business combinations**

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the company.

At the acquisition date, the company recognises goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

#### **Goodwill**

Goodwill arising on acquisition represents the excess of consideration paid over the fair value of net assets acquired.

Negative goodwill arising on acquisition represents the excess of fair value of net assets acquired over the consideration paid.

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows:

Negative goodwill	-	20 years straight line
Goodwill	-	5 years straight line

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 5 years

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

#### **Tangible fixed assets and depreciation**

Depreciation is provided on a straight-line basis on the cost or valuation of all tangible fixed assets except freehold land and assets in the course of construction. The useful economic lives used for each category of asset are:

Plant and machinery	-	5 to 10 years
Fixtures and fittings	-	3 to 5 years

#### **Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost (including all relevant overhead expenditure) and estimated net realisable value less progress payments. Provision is made where necessary for obsolete and slow moving stocks.

#### **Leases**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is the shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight-line basis over the life of the lease.

## Notes (continued)

### 1 Accounting policies (continued)

#### Post-retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

### 2 Analysis of turnover

	2015 £	2014 £
United Kingdom	24,008,797	19,326,804
Overseas	4,534,930	3,080,043
	<u>28,543,727</u>	<u>22,406,847</u>

### 3 Other operating income

	2015 £	2014 £
Management charge receivable	-	33,750
	<u>-</u>	<u>33,750</u>

### 4 Operating profit

	2015 £	2014 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Amortisation of goodwill	199,789	43,020
Depreciation of owned fixed assets	252,862	153,611
Net profit on fixed asset disposals	-	(368)
Auditors remuneration	16,500	18,875
Operating lease costs: land and buildings	235,000	181,733
Operating lease costs: plant and equipment and cars on hire	86,206	49,321
Net (profit)/loss on foreign currency translation	(123,175)	45,555
	<u></u>	<u></u>

### 5 Staff numbers and costs

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

	Number of employees	
	2015	2014
Production	41	31
Maintenance	5	6
Labs	7	5
Management	1	1
Administration	15	8
Sales	6	3
	<u>75</u>	<u>54</u>

## Notes (continued)

### 5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	2,563,430	1,676,429
Social security costs	247,084	170,189
Other pension costs	129,769	78,876
	<u>2,940,283</u>	<u>1,925,494</u>

### 6 Remuneration of directors

	2015 £	2014 £
Aggregate remuneration	217,310	172,302
Value of group contributions to money purchase pension schemes	60,000	27,500
	<u>277,310</u>	<u>199,802</u>

The number of directors on whose behalf the group made pension contributions was as follows:

	2015 No.	2014 No.
Money purchase schemes	1	2

### 7 Interest payable and similar charges

	2015 £	2014 £
Bank interest payable	7	147
Other similar charges payable	275	-
	<u>282</u>	<u>147</u>

### 8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2015 £	2014 £
<i>Current tax</i>		
Current tax on income for the period	386,867	40,542
Adjustments in respect of prior periods	3,008	(22,428)
Total current tax	<u>389,875</u>	<u>18,114</u>
<i>Deferred tax (see note 18)</i>		
Origination and reversal of timing differences	9,066	65,184
Change in tax rate	(13,280)	-
Total deferred tax	<u>(4,214)</u>	<u>65,184</u>
Total tax	<u>385,661</u>	<u>83,298</u>



## Notes (continued)

### 8 Taxation (continued)

	2015			2014		
	£	£	£	£	£	£
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	389,875	(4,214)	385,661	18,114	65,184	83,298
Recognised in other comprehensive income	-	-	-	-	-	-
Recognised directly in equity	-	-	-	-	-	-
Total tax	389,875	(4,214)	385,661	18,114	65,184	83,298

#### Reconciliation of effective tax rate

	2015 £	2014 £
Profit for the year	1,509,997	652,414
Total tax expense	385,661	83,298
Profit excluding taxation	1,895,658	735,712
Tax using the UK corporation tax rate of 20.25 % (2014: 21.49%)	383,806	158,106
Non-deductible expenses	7,002	8,712
Under/(over) provided in prior years	3,008	(22,428)
Fixed asset differences	45,095	10,057
Marginal relief	-	(2,058)
Other differences	-	(5,120)
Deduction for R&D expenditure	(38,839)	(42,986)
Deduction for land remediation expenditure	-	(16,074)
Deferred tax rated differences	(14,411)	(4,911)
Total tax expense included in profit or loss	385,661	83,298

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax liability at 31 December 2015 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

### 9 Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £nil (2014: £nil).

## Notes (continued)

### 10 Intangible fixed assets

#### Group

	Goodwill	Negative Goodwill	Total £
<b>Cost</b>			
At 1 January 2015	1,001,417	(75,460)	925,957
At 31 December 2015	1,001,417	(75,460)	925,957
<b>Amortisation</b>			
At 1 January 2015	46,793	(33,942)	12,851
Charge for year	203,562	(3,773)	199,789
At 31 December 2015	250,355	(37,715)	212,640
<b>Net book value</b>			
At 31 December 2015	751,062	(37,745)	713,317
At 31 December 2014	954,624	(41,518)	913,106

Negative goodwill arose upon acquisition of Kerax Limited by the group. This represents the excess of the fair value of net assets acquired over the consideration paid.

Positive goodwill arose upon the acquisition of Euro Oils Limited by Kerax Limited on 30 September 2015. This represents the excess of the consideration paid over the fair value of net assets acquired.

### 11 Tangible fixed assets

	Plant and machinery £	Computer & office equipment £	Total £
<b>Cost</b>			
At 1 January 2015	2,014,241	151,980	2,166,221
Additions	182,661	22,597	205,258
Disposals	(62,863)	(5,819)	(68,682)
At 31 December 2015	2,134,039	168,758	2,302,797
<b>Depreciation</b>			
At 1 January 2015	977,017	128,746	1,105,763
Charge for year	239,838	13,024	252,862
Disposals	(62,863)	(5,819)	(68,682)
At 31 December 2015	1,153,992	135,951	1,289,943
<b>Net book value</b>			
At 31 December 2015	980,047	32,807	1,012,854
At 31 December 2014	1,037,224	23,234	1,060,458

## Notes (continued)

### 12 Investments

#### Company

	Group companies £
<i>Cost</i>	
At 1 January 2015 and 31 December 2015	3,640,105
<i>Net book value</i>	
At 1 January 2015 and 31 December 2015	3,640,105

#### Subsidiary undertakings

	Country of Incorporation	Holding	Proportion of voting rights and shares held	Nature of Business
Kerax Limited	England and Wales	£100 Ordinary	100%	Performance wax products
Euro Oils Limited	England and Wales	£100 Ordinary	100%	Manufacture of lubricants

The company holds 100% of the ordinary share capital of Kerax Limited, which is incorporated in England & Wales. The principal activity of Kerax Limited is the manufacture, marketing and sale of performance wax products.

### 13 Stocks

	2015 £	2014 £
Raw materials	2,651,264	2,238,844
Work in progress	128,775	116,295
Finished goods	936,533	1,038,443
	<u>3,716,572</u>	<u>3,393,582</u>

### 14 Debtors

	2015 £	2014 £
Trade debtors	3,553,472	3,583,033
Other debtors	146,059	74,106
Prepayments and accrued income	172,162	148,106
	<u>3,871,693</u>	<u>3,805,245</u>

## Notes (continued)

### 15 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	997,898	1,376,553
Corporation tax	386,867	109,785
Other taxation and social security	485,295	330,492
Other creditors	1,556,742	2,104,726
Accruals and deferred income	880,833	813,310
Directors current accounts	-	232,869
	<u>4,307,635</u>	<u>4,967,735</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2015 £	2014 £
Other creditors	<u>1,556,742</u>	<u>2,104,726</u>

### 16 Creditors: amounts falling due after more than one year

	2015 £	2014 £
Directors current accounts	<u>-</u>	<u>640,311</u>

### 17 Deferred taxation

The movement in the deferred taxation provision during the year was:

	2015 £	2014 £
Provision brought forward	132,797	67,613
Increase in provision	(4,214)	65,184
<b>Provision carried forward</b>	<u>128,583</u>	<u>132,797</u>

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

#### Group

	2015 £	2014 £
Excess of taxation allowances over depreciation on fixed assets	129,197	140,118
Other timing differences	(614)	(7,321)
	<u>128,583</u>	<u>132,797</u>

## Notes (continued)

### 18 Commitments under operating leases

	2015		2014	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within one year	235,000	100,590	235,000	114,690
Within two to five years	602,500	187,693	692,500	266,800
After more than five years	-	-	145,000	-
	<u>837,500</u>	<u>288,283</u>	<u>1,072,500</u>	<u>381,490</u>

During the year £321,206 was recognised as an expense in the profit and loss account in respect of operating leases (2014: £231,054)

### 19 Transactions with the directors

The following loans to directors subsisted during the years ended 31 December 2015 and 2014.

	2015 £	2014 £
<b>Mr I D Appleton</b>		
Balance outstanding at start of year	(862,530)	26,749
Balance outstanding at end of year	-	(862,530)
Maximum balance outstanding during the year	-	56,740
	<u>2015 £</u>	<u>2014 £</u>
<b>Mrs L C Appleton</b>		
Balance outstanding at start of year	(10,650)	60,000
Balance outstanding at end of year	-	(10,650)
Maximum balance outstanding during the year	-	108,928

### 20 Related party transactions

Kerax (Chorley) Limited owns 100% of the issued ordinary share capital of Kerax Limited.

No transactions took place with Kerax Limited during this year or last year.

Kerax (Chorley) Limited indirectly owns Euro Oils Limited as the entire share capital was acquired by Kerax Limited on 30 September 2014.

Management and other charges of £nil (2014: £33,750) have been charged to Euro Oils Limited during the year.

Rental payments to the SIPP of Mr I D Appleton totalled £145,000 (2014: £145,000).

Rental payments to the SIPP of Mr I D Appleton, Mrs L C Appleton and Mr L Burgess totalled £90,000 (2014: £23,733).

All transactions are undertaken on an arm's length basis.

## Notes (continued)

### 21 Called up share capital

	2015		2014	
	No	£	No	£
<b>Allotted, called up and fully paid:</b>				
95 ordinary A shares of £1 each	95	95	95	95
5 ordinary B shares of £1 each	5	5	5	5
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

### 22 Reserves

#### Group

	Profit and loss account £
Balance brought forward	3,654,572
Profit for the year	1,513,770
<b>Balance carried forward</b>	<u><u>5,168,342</u></u>

#### Company

	Profit and loss account £
Balance brought forward	3,640,005
<b>Balance carried forward</b>	<u><u>3,640,005</u></u>

### 23 Reconciliation of movements in shareholders' funds

Group	2015 £	2014 £
Profit for the financial year	1,513,770	656,187
Net addition to shareholders' funds	1,513,770	656,187
Opening shareholders' funds	3,654,672	2,998,485
<b>Closing shareholders' funds</b>	<u><u>5,168,442</u></u>	<u><u>3,654,672</u></u>

## Notes (continued)

### 24 Analysis of cash flows

	2015 £	2014 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit	1,899,712	739,323
Profit on disposal of fixed assets	-	(368)
Amortisation	199,789	43,020
Depreciation	252,862	153,611
(Increase) in stocks	(322,990)	(298,570)
(Increase)/decrease in debtors	(66,448)	639,231
(Decrease)/increase in creditors	(156,329)	272,938
	<u>1,806,596</u>	<u>1,549,185</u>
Net cash inflow from operating activities	<u>1,806,596</u>	<u>1,549,185</u>

	2015 £	2015 £	2014 £	2014 £
<b>Reconciliation of net cash flow movement in net debt</b>				
Increase in cash in the period	67,100		77,510	
Net cash outflow/(inflow) from other creditors	547,984		(510,427)	
Net cash acquired	-		(159,113)	
Net cash outflow/(inflow) from loans	873,180		(873,180)	
	<u>1,488,264</u>		<u>(1,465,210)</u>	
Change in net debt		<u>1,488,264</u>		<u>(1,465,210)</u>
Net debt at 1 January		<u>(2,754,782)</u>		<u>(1,289,572)</u>
Net debt at 31 December		<u>(1,266,518)</u>		<u>(2,754,782)</u>

### 25 Analysis of net debt

	At 1 January 2015 £	Cash flow £	At 31 December 2015 £
<b>Net cash</b>			
Cash at bank and in hand	223,124	67,100	290,224
	<u>223,124</u>	<u>67,100</u>	<u>290,224</u>
<b>Debt</b>			
Debt due within one year	(2,337,595)	780,853	(1,556,742)
Debt due after one year	(640,311)	640,311	-
	<u>(2,977,906)</u>	<u>1,421,164</u>	<u>(1,556,742)</u>
<b>Net debt</b>	<u>(2,754,782)</u>	<u>1,488,264</u>	<u>(1,266,518)</u>

### 26 Ultimate controlling party

For the whole of the current and previous year, the company was under the ultimate control of Mr I D Appleton.

## Notes (continued)

### 27 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting UK GAAP. An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

#### Reconciliation of equity

Note	1 January 2014			31 December 2014		
	UK GAAP	Effect of transition to FRS 102	FRS 102	UK GAAP	Effect of transition to FRS 102	FRS 102
	£	£	£	£	£	£
<b>Fixed assets</b>						
Intangible assets	(45,291)	-	(45,291)	913,106	-	913,106
Tangible fixed assets	489,869	-	489,869	1,060,458	-	1,060,458
	<u>444,578</u>	<u>-</u>	<u>444,578</u>	<u>1,973,564</u>	<u>-</u>	<u>1,973,564</u>
<b>Current assets</b>						
Stocks	2,469,169	-	2,469,169	3,393,582	-	3,393,582
Debtors	2,887,907	-	2,887,907	3,789,607	15,638	3,805,245
Cash at bank and in hand	304,727	-	304,727	223,124	-	223,124
	<u>5,661,803</u>	<u>-</u>	<u>5,661,803</u>	<u>7,406,313</u>	<u>15,638</u>	<u>7,421,951</u>
<b>Creditors: amounts due within one year</b>	(3,026,906)	(13,377)	(3,040,283)	(4,967,735)	-	(4,967,735)
<b>Net current assets</b>	<u>2,634,897</u>	<u>(13,377)</u>	<u>2,621,520</u>	<u>2,438,578</u>	<u>15,638</u>	<u>2,454,216</u>
<b>Creditors: amounts falling due after more than one year</b>	-	-	-	(640,311)	-	(640,311)
<b>Deferred taxation</b>	(67,613)	-	(67,613)	(132,797)	-	(132,797)
<b>Net assets</b>	<u>3,011,862</u>	<u>(13,377)</u>	<u>2,998,485</u>	<u>3,639,034</u>	<u>15,638</u>	<u>3,654,672</u>
<b>Capital and reserves</b>						
Called up share capital	100	-	100	100	-	100
Profit and loss account	3,011,762	(13,377)	2,998,385	3,638,934	15,638	3,654,572
<b>Shareholders' equity</b>	<u>3,011,862</u>	<u>(13,377)</u>	<u>2,998,485</u>	<u>3,639,034</u>	<u>15,638</u>	<u>3,654,672</u>

#### Notes to the reconciliation of equity

- a) The impact of the recognition of the fair value gain/loss on forward foreign exchange contracts.



## Notes (continued)

### 27 Explanation of transition to FRS 102 from old UK GAAP (continued)

#### Reconciliation of profit for the year ended December 2014

	Note	UK GAAP £	2014 Effect of transition to FRS 102 £	FRS 102 £
<b>Turnover</b>		<b>22,406,847</b>	-	<b>22,406,847</b>
Cost of sales		(18,135,648)	-	(18,135,648)
<b>Gross profit</b>		<b>4,271,199</b>	-	<b>4,271,199</b>
Distribution costs		(621,740)	-	(621,740)
Administrative expenses	a	(2,926,108)	29,015	(2,897,093)
Amortisation		(46,793)	-	(46,793)
Other operating income		33,750	-	33,750
<b>Operating profit</b>		<b>710,308</b>	<b>29,015</b>	<b>739,323</b>
Interest receivable		309	-	309
Interest payable and similar charges		(147)	-	(147)
<b>Profit before taxation</b>		<b>710,470</b>	<b>29,015</b>	<b>739,485</b>
Taxation		(83,298)	-	(83,298)
<b>Profit for the year</b>		<b>627,172</b>	<b>29,015</b>	<b>656,187</b>

#### Notes to the reconciliation of profit

a) The impact of the recognition of the fair value gain/loss on forward foreign exchange contracts.

### 28 Financial Instruments

#### 28 (a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2015 £	2014 £
Assets measured at fair value through profit or loss	<b>100,201</b>	15,638

#### 28 (b) Financial instruments measured at fair value

##### Derivative financial instruments

The fair value of forward exchange contracts is based on their listed market price.

The following disclosure are provided for the company's financial instruments at fair value through profit or loss that are not held as part of a trading portfolio and are not derivatives.

For financial liabilities/assets the difference between the carrying amount and the amount the Company would be contractually required to pay at maturity to the holder of the obligation is £100,201 (2014: £15,638).

**Notes** *(continued)*

**28 (c) Fair values**

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	<b>Fair value 2015 £</b>	<b>Fair value 2014 £</b>
<b>Forward exchange contract</b>	<b>100,201</b>	<b>15,638</b>