

ICoNiChem Group Limited (formerly Ensco 1146 Limited)

Registered number: 09745318

Directors' report and financial statements

For the period ended 31 March 2017



ICONICHEM GROUP LIMITED

COMPANY INFORMATION

Directors	J Grove T Middleton A W Garner (appointed 16 May 2017)
Registered number	09745318
Registered office	Unit 5 The Courtyard Timothys Bridge Road Stratford-Upon-Avon Warwickshire CV37 9NJ
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 6 Dominus Way Meridian Business Park Leicester LE19 1RP

ICONICHEM GROUP LIMITED

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ICONICHEM GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2017

Introduction

The directors present their strategic report for ICoNiChem Group Limited for the period from 1 September 2016 to 31 March 2017. The company changed its name from Ensco 1146 Limited on 30 September 2016. The group commenced trading on 1 September 2016.

Principal activity

The principal activity of the group is the manufacture and supply of inorganic compounds.

Business review and future developments

During the period the company acquired the entire share capital of ICoNiChem Widnes Limited for a total consideration of £6,621,698 as detailed in note 21. The negative goodwill arising on this transaction amounted to £2,903,498.

Legal & regulatory risks

The group operates in a highly regulated industry and operates a manufacturing site that is an "Upper Tier" COMAH site, governed by Environmental Permits issued by the Environment Agency and with Hazardous Substances Consent license issued by the Competent Authority, Halton Borough Council, for the storage and use of hazardous materials.

The group also has a duty of care to its employees under the Health & Safety at Work Act to provide a safe place of work and this is monitored by management and by the Health & Safety Executive (HSE).

REACH is a major piece of chemicals legislation which impacts on the company's operation and business within Europe, requiring it to register its products with the European Chemical Agency (ECHA), providing a dossier of information on the potential environmental and public health impacts of its products, as a member of the Cobalt Reach Consortium and The Cobalt Development Institute.

To assist in managing its obligations and compliance with these legal regulations, the company has developed a robust management system which is accredited to ISO 9001 (Quality) and ISO 14001 (Environmental). The management system includes written instructions for all operational activities on site with documented risk assessments of tasks and COSHH assessments for the safe handling of materials. As well as external audits by the accrediting body, BSI, the company carries out its own internal audits of its practices against required standards.

ICONICHEM GROUP LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2017**

Principal risks and uncertainty

The group's operations expose it to a variety of financial risks in the ordinary course of business including commodity price volatility and foreign exchange currency risk.

Commodity risk

The group is exposed to the risk of changes in the price of metal commodities priced in US dollars. Management monitor the level of overall exposure and review metal hedges, inventory levels and inventory turns to mitigate this risk.

Foreign currency risk

The group is exposed to the risk of changes in foreign currency exchange rates. The main currencies in which the company operates are US dollars and Euros.

Management monitor the level of overall exposure, and where possible, utilise the group's borrowing facilities to create a natural hedge to offset the risk, as well as buying and selling currencies.

Financial key performance indicators

The directors monitor and manage the performance of the company assisted by the production of detailed monthly management reports containing detailed monthly accounts and a number of key financial and non-financial performance measures. The main KPIs include turnover, gross margin, operating costs and EBITDA.

Other key performance indicators

Various non-financial KPIs are included in the management information used to monitor the performance of operations and the wider business including production volumes and efficiencies, environmental, Health & Safety statistics, including Process Safety Performance Indicators, orders shipped on time and complete, and customer complaints.

Research and development

The group engages in research and development activities to support continuous improvement of production processes and works with our customers to improve the performance of our products in their processes.

This report was approved by the board and signed on its behalf.



**T Middleton
Director**

Date: 12.7.2017

ICONICHEM GROUP LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 MARCH 2017**

The directors present their report and the financial statements for the period ended 31 March 2017.

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

Results and dividends

The profit for the period, after taxation, amounted to £2,660,613.

The directors have not proposed a dividend for the period ended 31 March 2017.

Directors

The directors who served during the period were:

J Grove
T Middleton

Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the Director's report have been omitted as they are included in the Strategic report on page 1.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the group's auditor is aware of that information.

ICONICHEM GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 MARCH 2017**

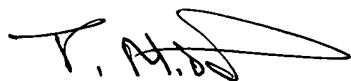
Post balance sheet events

There have been no significant events affecting the group since the period end.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



T Middleton
Director

Date: 12.7.2017

ICONICHEM GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICONICHEM GROUP LIMITED

We have audited the financial statements of ICoNiChem Group Limited for the period ended 31 March 2017 which comprise the consolidated statement of income and retained earnings, the consolidated and company balance sheets, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'the Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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. This report is made solely to the group'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 group'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 group and the group's members as a body for our audit work, for this report, or for the opinions we have formed.

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.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2017 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

ICONICHEM GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICONICHEM GROUP LIMITED

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Christopher Darlington (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

6 Dominus Way
Meridian Business Park
Leicester
LE19 1RP

12 July 2017

ICONICHEM GROUP LIMITED

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE PERIOD ENDED 31 MARCH 2017**

	Note	Period ended 31 March 2017 £	Period ended 31 August 2016 £
Turnover	3	20,363,768	-
Cost of sales		(16,946,915)	-
Gross profit		<u>3,416,853</u>	-
Distribution costs		(403,392)	-
Administrative expenses		(268,412)	-
Operating profit	4	<u>2,745,049</u>	-
Interest receivable and similar income	7	211	-
Interest payable and expenses	8	(84,647)	-
Profit on ordinary activities before taxation		<u>2,660,613</u>	-
Profit for the financial period		<u><u>2,660,613</u></u>	-
Retained earnings at the beginning of the period		-	-
Profit for the period		<u>2,660,613</u>	-
Retained earnings at the end of the period		<u><u>2,660,613</u></u>	-

There was no other comprehensive income during the period (2016 - £Nil).

The notes on pages 11 to 28 form part of these financial statements.

ICONICHEM GROUP LIMITED
REGISTERED NUMBER: 09745318

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2017

	Note	31 March 2017 £	31 August 2016 £
Fixed assets			
Intangible assets	11	(2,661,550)	-
Tangible assets	12	3,672,968	-
		<u>1,011,418</u>	<u>-</u>
Current assets			
Stocks	14	13,375,058	-
Debtors	15	6,083,529	-
Cash at bank and in hand		417,547	50,000
		<u>19,876,134</u>	<u>50,000</u>
Creditors: amounts falling due within one year	16	(12,151,939)	-
Net current assets		<u>7,724,195</u>	<u>50,000</u>
Total assets less current liabilities		<u>8,735,613</u>	<u>50,000</u>
Creditors: amounts falling due after more than one year	17	(5,875,000)	-
Net assets		<u><u>2,860,613</u></u>	<u><u>50,000</u></u>
Capital and reserves			
Called up share capital	20	200,000	50,000
Profit and loss account		2,660,613	-
		<u><u>2,860,613</u></u>	<u><u>50,000</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

T Middleton
Director



Date: 12.7.2017

The notes on pages 11 to 28 form part of these financial statements.

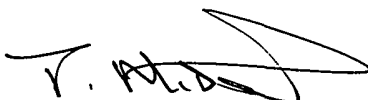
ICONICHEM GROUP LIMITED
REGISTERED NUMBER: 09745318

COMPANY BALANCE SHEET
AS AT 31 MARCH 2017

	Note	31 March 2017 £	31 August 2016 £
Fixed assets			
Intangible assets		241,959	-
Investments	13	6,621,698	-
		<u>6,863,657</u>	<u>-</u>
Current assets			
Debtors	15	83,556	-
Cash at bank and in hand		-	50,000
		<u>83,556</u>	<u>50,000</u>
Creditors: amounts falling due within one year	16	(831,305)	-
Net current liabilities		<u>(747,749)</u>	<u>50,000</u>
Total assets less current liabilities		<u>6,115,908</u>	<u>50,000</u>
Creditors: amounts falling due after more than one year	17	(5,700,000)	-
Net assets		<u><u>415,908</u></u>	<u><u>50,000</u></u>
Capital and reserves			
Called up share capital	20	200,000	50,000
Profit and loss account		215,908	-
		<u><u>415,908</u></u>	<u><u>50,000</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

T Middleton
Director



Date: 12.7.2017

The notes on pages 11 to 28 form part of these financial statements.

ICONICHEM GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2017**

	31 March 2017 £	31 August 2016 £
Cash flows from operating activities		
Profit for the financial period	2,660,613	-
Adjustments for:		
Amortisation of negative goodwill	(241,959)	-
Depreciation of tangible assets	386,291	-
Profit on disposal of tangible assets	(292)	-
Interest paid	84,647	-
Interest received	(211)	-
Increase in stocks	(8,535,841)	-
Increase in debtors	(1,961,138)	-
Increase in creditors	7,758,875	-
Net cash inflow from operating activities	<u>150,985</u>	<u>-</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(301,614)	-
Sale of tangible fixed assets	292	-
Acquisition of subsidiary undertakings	(353,615)	-
Interest received	211	-
Net cash outflow from investing activities	<u>(654,726)</u>	<u>-</u>
Cash flows from financing activities		
Issue of ordinary shares	150,000	50,000
New loans	805,935	-
Interest paid	(84,647)	-
Net cash inflow from financing activities	<u>871,288</u>	<u>50,000</u>
Net increase in cash and cash equivalents	<u>367,547</u>	<u>50,000</u>
Cash and cash equivalents at beginning of period	50,000	-
Cash and cash equivalents at the end of period	<u><u>417,547</u></u>	<u><u>50,000</u></u>
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	417,547	50,000
	<u><u>417,547</u></u>	<u><u>50,000</u></u>

The notes on pages 11 to 28 form part of these financial statements.

ICONICHEM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

1. Accounting policies

1.1 Basis of preparation of financial statements

ICoNiChem Group Limited is a limited company incorporated and domiciled in England. The address of its registered office is disclosed on the company information page. The principal place of business of the group is Moss Bank Road, Widnes, Cheshire, WA8 0RU. The principal activity of the group is the manufacture and supply of inorganic compounds. The principal activity of the company is that of a holding company.

The financial statements are presented in sterling. The financial statements are for the period from 1 September 2016 to 31 March 2017. The company has opted to present a period shorter than one year to align the accounting reference dates of entities within the group.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102") 'the Financial Reporting Standard applicable in the UK and 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 judgement in applying the group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following accounting policies have been applied during the period:

1.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of income and retained earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017**

1. Accounting policies (continued)

1.3 Revenue

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. This occurs when the goods are physically admitted to the customer in accordance with the INCOTERMS set out in the group's sales contracts. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates and value added tax. 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.

1.4 Negative goodwill

Negative goodwill represents the difference between acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition and the amounts paid on the cost of a business combination.

Amortisation of negative goodwill is subsequently recognised in the statement of income and retained earnings over the period in which the company expects to derive direct benefit over the investment being 7 years and over which contingent consideration is calculated.

1.5 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Freehold property	- 20 years
Plant and machinery	- 5-10 years

1.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

ICONICHEM GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

1. Accounting policies (continued)

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

1.9 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.

1.10 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans from banks and other third parties.

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 debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

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 statement of income and retained earnings.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

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.

1.11 Creditors

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017**

1. Accounting policies (continued)

1.12 Foreign currency translation

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the statement of income and retained earnings.

1.13 Finance costs

Finance costs are charged to the statement of income and retained earnings 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.

1.14 Operating leases

Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight line basis over the lease term.

1.15 Pensions

The group operates 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 payment obligations.

The contributions are recognised as an expense in the consolidated statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

1.16 Borrowing costs

All borrowing costs are recognised in the statement of income and retained earnings in the period in which they are incurred.

ICONICHEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017**

1. Accounting policies (continued)**1.17 Current and deferred taxation**

The tax charge comprises of current and deferred tax.

Current tax is recognised as the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at 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 is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rules and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1.18 Research and development

Research expenditure is written off as incurred. Development expenditure is also written off, except where management are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the group is expected to benefit. This period is between three and five years. Provision is made for any impairment.

1.19 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 statement of income and retained earnings 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.

Where payments are eventually made, they are charged to the provision carried in the balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017**

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

In the application of the accounting policies, management are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty are:

(a) Stock valuation

The work in progress valuation includes the valuation of Filtercakes, a by-product of normal production. In estimating the valuation of this item, management had to consider the level of anticipated cobalt extraction from the product, through re-processing, future cobalt prices and the timing of future extraction from the product.

(b) Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the assets and projected disposal values.

(c) Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

(d) Impairment of negative goodwill

Management use judgement to assess the excess of the fair value of non-monetary assets acquired in the business combination each year and the extent to which this has been recovered.

ICONICHEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017**

3. Turnover

The whole of the turnover is attributable to the principal activity of the group.

Analysis of turnover by country of destination:

	Period ended 31 March 2017 £	Period ended 31 August 2016 £
United Kingdom	416,025	-
Rest of Europe	7,588,917	-
Rest of the world	12,358,826	-
	<u>20,363,768</u>	<u>-</u>

4. Operating profit

The operating profit is stated after charging/(crediting):

	Period ended 31 March 2017 £	Period ended 31 August 2016 £
Research & development costs	128,122	-
Depreciation of tangible fixed assets	386,291	-
Amortisation of negative goodwill	(241,959)	-
Exchange differences	27,694	-
	<u>27,148</u>	<u>-</u>

5. Auditor's remuneration

	Period ended 31 March 2017 £	Period ended 31 August 2016 £
Fees payable to the group's auditor and its associates in respect of:		
Audit-related assurance services	17,000	-
All other services	3,950	-
	<u>20,950</u>	<u>-</u>

ICONICHEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017**

6. Employees

Staff costs were as follows:

	Period ended 31 March 2017 £	Period ended 31 August 2016 £
Wages and salaries	1,238,201	-
Social security costs	119,630	-
Cost of defined contribution scheme	71,467	-
	<u>1,429,298</u>	<u>-</u>

The directors did not receive any remuneration during the period.

The average monthly number of employees, including the directors, during the period was as follows:

	Period ended 31 March 2017 No.	Period ended 31 August 2016 No.
Administration	4	-
Production	54	-
	<u>58</u>	<u>-</u>

7. Interest receivable

	Period ended 31 March 2017 £	Period ended 31 August 2016 £
Interest receivable	211	-
	<u>211</u>	<u>-</u>

ICONICHEM GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2017**

8. Interest payable and similar charges

	Period ended 31 March 2017 £	Period ended 31 August 2016 £
Bank interest payable	58,510	-
Other interest payable	26,137	-
	<u>84,647</u>	<u>-</u>

9. Taxation

	Period ended 31 March 2017 £	Period ended 31 August 2016 £
Taxation on profit on ordinary activities	-	-

ICONICHEM GROUP LIMITED

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9. Taxation (continued)**Factors affecting tax charge for the period**

The tax assessed for the period is lower than (2016 - the same as) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	Period ended 31 March 2017 £	Period ended 31 August 2016 £
Profit on ordinary activities before tax	2,660,613	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20%	532,123	-
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	(48,114)	-
Capital allowances for period in excess of depreciation	(129,259)	-
Utilisation of tax losses	(308,372)	-
Research and development tax credits	(39,000)	-
Fixed asset timing differences	(7,578)	-
Other short term timing differences	200	-
Total tax charge for the period	-	-

Factors that may affect future tax charges

The group has tax losses of approximately £12m available to offset against future trading profits.

10. Parent company profit for the period

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of income and retained earnings in these financial statements. The profit after tax of the parent company for the period was £215,908 (2016 - £NIL).

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NOTES TO THE FINANCIAL STATEMENTS
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11. Intangible assets

Group

	Negative goodwill £
Cost	
Additions	(2,903,509)
At 31 March 2017	<u>(2,903,509)</u>
Amortisation	
Charge for the period	(241,959)
At 31 March 2017	<u>(241,959)</u>
Net book value	
At 31 March 2017	<u><u>(2,661,550)</u></u>
At 31 August 2016	<u><u>-</u></u>

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12. Tangible fixed assets**Group**

	Freehold land & buildings £	Plant and machinery £	Total £
Cost			
Additions	41,376	260,238	301,614
Acquisition of subsidiary undertaking	719,665	3,037,980	3,757,645
Disposals	-	(64,780)	(64,780)
At 31 March 2017	761,041	3,233,438	3,994,479
Depreciation			
Charge for the period	25,115	361,176	386,291
Disposals	-	(64,780)	(64,780)
At 31 March 2017	25,115	296,396	321,511
Net book value			
At 31 March 2017	735,926	2,937,042	3,672,968
At 31 August 2016	-	-	-

Included in freehold land & buildings is land with a net book value of £280,414 which is not depreciated.

13. Fixed asset investments**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
ICoNiChem Widnes Limited	Ordinary	100 %	The manufacture and supply of inorganic compounds.

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Fixed asset investments (continued)**Company**

	Investments in subsidiary companies £
Cost	
Additions	6,621,698
At 31 March 2017	<u>6,621,698</u>
Net book value	
At 31 March 2017	<u>6,621,698</u>
At 31 August 2016	<u>-</u>

14. Stocks

	Group 31 March 2017 £	Group 31 August 2016 £	Company 31 March 2017 £	Company 31 August 2016 £
Raw materials	6,390,988	-	-	-
Work in progress	3,132,582	-	-	-
Finished goods	3,851,488	-	-	-
	<u>13,375,058</u>	<u>-</u>	<u>-</u>	<u>-</u>

Stock recognised in cost of sales during the period as an expense was £14,093,287.

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15. Debtors

	Group 31 March 2017 £	Group 31 August 2016 £	Company 31 March 2017 £	Company 31 August 2016 £
Trade debtors	5,694,930	-	-	-
Other debtors	199,853	-	83,556	-
Prepayments and accrued income	188,746	-	-	-
	<u>6,083,529</u>	<u>-</u>	<u>83,556</u>	<u>-</u>

16. Creditors: Amounts falling due within one year

	Group 31 March 2017 £	Group 31 August 2016 £	Company 31 March 2017 £	Company 31 August 2016 £
Invoice discounting facilities	2,733,949	-	-	-
Bank loans	630,936	-	-	-
Trade creditors	8,104,462	-	-	-
Amounts owed to group undertakings	-	-	520,209	-
Other taxation and social security	55,748	-	-	-
Accruals	326,844	-	11,096	-
3% Secured loan notes	300,000	-	300,000	-
	<u>12,151,939</u>	<u>-</u>	<u>831,305</u>	<u>-</u>

Invoice discounting facilities are secured by a fixed and floating charge over the assets of the group.

Bank loans are secured by a fixed and floating charge over the assets of the group.

ICONICHEM GROUP LIMITED

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17. Creditors: Amounts falling due after more than one year

	Group 31 March 2017 £	Group 31 August 2016 £	Company 31 March 2017 £	Company 31 August 2016 £
Bank loans	175,000	-	-	-
Conditional deferred consideration	4,500,000	-	4,500,000	-
3% Secured loan notes	1,200,000	-	1,200,000	-
	<u>5,875,000</u>	<u>-</u>	<u>5,700,000</u>	<u>-</u>

Bank loans are secured by a fixed and floating charge over the assets of the group.

Conditional deferred consideration is expected to be paid over a seven year period to 31 March 2024 with £3,000,000 due within 2-5 years and £1,500,000 due after 5 years.

18. Loans

Analysis of the maturity of loans is given below:

	Group 31 March 2017 £	Group 31 August 2016 £	Company 31 March 2017 £	Company 31 August 2016 £
Amounts falling due within one year				
Bank loans	630,936	-	-	-
3% secured loan notes	300,000	-	300,000	-
	<u>930,936</u>	<u>-</u>	<u>300,000</u>	<u>-</u>
Amounts falling due 1-2 years				
Bank loans	175,000	-	-	-
Amounts falling due more than 5 years				
3% secured loan notes	1,200,000	-	1,200,000	-
	<u>2,305,936</u>	<u>-</u>	<u>1,500,000</u>	<u>-</u>

The 3% secured loan notes are secured by fixed and floating charges over all assets of the group. They are payable by 31 August 2022 unless certain conditions are met and earlier repayment is triggered.

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19. Financial instruments

	Group 31 March 2017 £	Group 31 August 2016 £	Company 31 March 2017 £	Company 31 August 2016 £
Financial assets				
Financial assets measured at fair value through profit or loss	417,547	50,000	-	50,000
Financial assets that are debt instruments measured at amortised cost	5,894,784	-	83,555	-
	<u>6,312,331</u>	<u>50,000</u>	<u>83,555</u>	<u>50,000</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(17,971,190)	-	(6,531,305)	-
	<u>(17,971,190)</u>	<u>-</u>	<u>(6,531,305)</u>	<u>-</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors and other debtors

Financial liabilities measured at amortised cost comprise invoice discounting facilities, bank loans, trade creditors, amounts owed to group undertakings, accruals and conditional deferred consideration and 3% secured loan notes.

20. Share capital

	31 March 2017 £	31 August 2016 £
Shares classified as equity		
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>200,000</u>	<u>50,000</u>

On 24 August 2015 the company issued 1 ordinary share with a nominal value of £1. On 10 November 2015 the company issued a further 49,999 ordinary shares with a nominal value of £1 each. On 31 August 2016 a further 150,000 ordinary shares were issued with a nominal value of £1 each.

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Business combinations

On 31 August 2016 the group acquired the entire share capital of ICoNiChem Widnes Limited. The fair value of the assets acquired are as follows:

	31 August 2016 Book value £	31 August 2016 Fair value £
Tangible fixed assets	3,757,645	3,757,645
	<u>3,757,645</u>	<u>3,757,645</u>
Stocks	4,839,217	4,839,217
Debtors	4,122,391	4,122,391
Cash at bank and in hand	268,083	268,083
Total assets	<u>12,987,336</u>	<u>12,987,336</u>
Creditors due within one year	(3,462,129)	(3,462,129)
Fair value of net assets	<u>9,525,207</u>	<u>9,525,207</u>
Negative goodwill	(2,903,509)	(2,903,509)
Total purchase consideration	<u>6,621,698</u>	<u>6,621,698</u>
Satisfied by:		
Cash	124,753	124,753
3% Secured loan notes	1,500,000	1,500,000
Conditional deferred consideration	4,500,000	4,500,000
Deal costs	496,945	496,945
	<u>6,621,698</u>	<u>6,621,698</u>

The total purchase consideration may be adjusted. Provision for contingent consideration on the acquisition of the subsidiary has not been made, as the value of this as at 31 March 2017 is dependant on the outcome of future events and cannot be measured reliably.

The results of ICoNiChem Widnes Limited since its acquisition are as follows:

	31 March 2017 £
Turnover	<u>20,363,768</u>
Profit for the period after taxation	<u>2,444,705</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Capital commitments

Amounts contracted for but not provided in the group financial statements amounted to £292,000 for the period (company £Nil).

23. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to these funds and amounted to £64,726. There were no accrued pension contributions included within creditors at the period end.

24. Related party transactions

The group has taken advantage of the exemption conferred by Section 33 of Financial Reporting Standard 102 not to disclose transactions with other group entities whose voting rights are 100% controlled within the group.

All directors and certain senior employees who have the authority for directing and controlling the activities of the group are considered to be key management personnel. Total remuneration in respect of these individuals is £167,532.

25. Controlling party

L Litwinowicz, T Middleton and J Grove are considered to be the ultimate controlling parties of the group by virtue of their equal significant shareholdings in the issued equity share capital.