

**Strategic Report, Report of The Directors
and Financial Statements for The Year Ended
31 December 2017
for
Airedale Chemical Holdings Limited**



Airedale Chemical Holdings Limited
Company Registration Number 08368496

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for the Year Ended 31 December 2017

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Airedale Chemical Holdings Limited
Company Registration Number 08368496

Company Information
for the Year Ended 31 December 2017

DIRECTORS: C J Chadwick (Chairman)
D M Chadwick
J W Chadwick
C Thomson

SECRETARY C Thomson

REGISTERED OFFICE Airedale Mills
Skipton Road
Crosshills
Keighley
West Yorkshire
BD20 7BX

REGISTERED NUMBER 08368496

AUDITORS Stirk Lambert & Co
Chartered Accountants
Registered Auditors
Russell Chambers
61A North Street
Keighley
West Yorkshire
BD21 3DS

Airedale Chemical Holdings Limited
Company Registration Number 08368496

Strategic Report
for the Year Ended 31 December 2017

The directors present their strategic report on the company for the year ended 31st December 2017. During the year the principal activity of the company continued to be that of manufacture and supply of speciality chemicals and dyestuffs.

Business Review and key performance indicators

The results for the year and the financial position of the company are shown in the financial statements.

The Directors are disappointed with the results during the year which have been affected by some exceptional items. The board feel it is important the companies within the group concentrate on products which add value rather than a group offering everything. The group had built overheads to accommodate future growth but this adversely impacted and created pressure to bring in low margin business to cover these overheads, which wasn't right for the group.

The board commenced discussions in late 2017 on how Airedale Chemical could be restructured for the future to promote better stability on profitability, liquidity and gearing. This plan was executed in quarter 1, 2018. The board have continued with the plans to reduce the size of Airedale Solutions business to enable the company to generate a profit.

The year under review for Airedale Chemical has certainly been a story of two halves and very challenging, especially in the later part of the year. We had forecasted for a modest growth in turnover in 2017 which has been realised. Phosphoric acid however played a major part in the story, mainly due to adverse USD/Sterling foreign exchange rates.

As a result gross margin recorded for Airedale Chemical in the first half of the year was £7,177,887 compared to gross margin recorded in the second half of £5,658,361 a decrease of around £1.5 million. This was all attributable to meeting contractual agreements for our phosphoric acid business. We realised as a board this was unsustainable and therefore measures were taken to stabilise this. (See below).

We continued to focus on key products which enhanced the company's gross margin, and had a positive impact in relieving some of the pressure phosphoric acid placed on the business. Our 2017 peracetic acid sales strategy is in full flow following the company successfully registering the product on article 95 in 2016. Growth on peracetic acid business accounted for a 67% increase on the previous year.

We also continue to control and scrutinise overheads and these are under constant review with a view to reducing and minimising spend in all areas of the business.

I am pleased to report we have once again been successful in these plans. Gross margin on non phosphoric acid business grew by 8% on the previous year. Overheads on distribution and interest payable reduced by 4.2% and 23.5% accordingly. Administrative expenses were impacted by foreign exchange losses of £1,140,956 (which is considered an exceptional item) which distorted the underlying spend.

Although the board had viewed the vote in June 2016 to leave the EU as mainly positive, we knew the key risk would be that exposure to buying foreign currency. We reduced the risk by forward buying /hedging on foreign currency, however the business could only hedge over a maximum period of 12 months. After which we would be exposed to the spot market. Sterling was devalued immediately after June 2016 by 20%, however this did recover slightly before we had to commit to buying currency in 2017. This accounted for the fall in gross margin and foreign exchange losses incurred during the last six months of 2017.

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Strategic Report
for the Year Ended 31 December 2017

Whilst import was adversely impacting on margin as we serviced our fixed price contracts, exporting created opportunity for the company.

Sterling will remain under pressure whilst article 50 unfolds due to uncertainty in creates. The company has therefore reviewed its position and taken steps to de-risk the business with regards purchasing phosphoric acid in foreign currency. An agreement was reached in late 2017 to change our supply source of phosphoric acid which allows the company to purchase in sterling. The new supply agreement which commences 1st April 2018 has a positive impact on liquidity for the company and has also produced savings on overheads by circa £700,000.

The UK market for phosphoric acid in 2018 will undoubtedly change. Pressure on the supply base with the exit of Chinese material will no doubt cause market pricing to increase.

All of our strategic contracts that were retained in 2017 and due for renewal in early 2018. The board will not budget for a 100% retention.

Airedale Solutions has faced its own challenges albeit different to the rest of the group. Although the loss for the year was significantly less than that reported in 2016 there was expectation the company would perform better. We are planning to continue the exercise to reduce the size of the company, which commenced in June 2016. Our plan would be to continue servicing our industrial business and other specific strategic customers.

After the decision was made in late 2016 to reduce the size of the operation there have been various hurdles. We served notice on contracts with our retail customer, however in reality these did not properly cease until the second half of the year. In the main customers worked with us to take component parts we had already committed to from overseas suppliers. This allowed the business to convert raw materials albeit at very low margin. We were ensuring the company got its cash back from the supplies it committed to.

We had forecasted growth in turnover and this was realised. Our main focus however was controlling losses but also ensuring cash tied up in raw material stock was reduced.

We completed servicing the last retail contract in August 2017. Losses incurred for the first 8 months amounted to £595,887. This reduced substantially for the final 4 months of the year to £79,613. On average the loss reduced from £75k to £20k a month.

Unfortunately as a business we were forced to put staff at risk of redundancy, and ultimately had to go through with these redundancies in September 2017. Throughout 2017 staff numbers reduced from 33 at the start of the year to 12 at the end of the year.

The company have made progressive steps in 2017 to stabilise losses.

In doing so the company will continue this approach in 2018, as we look to generate profits to create stability for the group and start to reduce its debt to Airedale Chemical Company which is our primary objectives.

Airedale Solutions has been heavily reliant on its sister company Airedale Chemical to support its activities and the group board will continue this support through the scale down.

Losses were supported by an increase in trading debt owing to Airedale Chemical. This amounted to £2,905,902 as at 31st December 2017 (2016 - £2,162,834)

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Strategic Report
for the Year Ended 31 December 2017

Rigest Trading has shown growth on the previous year. This was in line with expectations as the company has taken time to bed into the group. Turnover has grown by 35.3%, the majority of this growth coming from key strategic products. We have also seen growth in the customer base on the back of the marketing strategy which saw the launch of the company website mid year. Profitability in turn has also increased, however we operate in a very competitive market and as such we have lessened expectations on gross margin to maintain market share.

Group Turnover for the year ended 31st December 2017 amounted to £48,483,958 (2016 - £46,570,667) an increase of 4.1% on the previous financial year.

The majority of our turnover is generated from sales for the domestic market. Turnover generated from export was £840,308 (2016 - £816,770).

Exports are in the main to European industry. Sales increased to the EU in 2017 by 6.2%.

Gross margin achieved in the year amounted to £14,601,277 (2016 - £13,417,002), an increase of £1,184,275 (8.8%)

The group's gross margin percentage for the year was 30.1% (2016 – 28.8%). The group's gross margin percentage was in line with budget.

Given the pressure phosphoric acid business placed on gross margin we are pleased with the overall level in 2017. Given the changes that are to take place we envisage this level will be sustained in 2018.

As previously stated overheads remain a key focus which is in line with company strategy.

Profit before taxation is £187,294 (2016 - £204,995).

The group recognises the importance of investing for the future in both infrastructure and plant and machinery.

Investment slowed somewhat in 2016 as we consolidated, however various projects have been undertaken in 2017 where we have deemed it necessary. The total spend below included replacement of vehicles in our fleet which amounted to £275k. The board feel investment into fixed assets in 2017 will allow the company to reduce expenditure in the following two years. We intend to consolidate and maximise on current investment in the business.

Investment in fixed assets amounted to £1,145,910 (2016 - £686,102).

Stock as at 31st December 2017 was £4,145,798 (2016 - £7,976,120). Historically we have held high levels of phosphoric acid to service customers and level would fluctuate at year end depending on the timing of vessels from China.

Under the new supply agreement which commences in 2018 stock levels on phosphoric acid will reduced significantly. There will also be a natural reduction in stock holding levels at Airedale Solutions.

Trade debtors as at 31st December 2017 were £7,873,237 (2016 - £8,045,373) an decrease of 2.1%

Airedale Chemical Holdings Limited
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Strategic Report
for the Year Ended 31 December 2017

The company invests significant time and effort into working capital management. Robust debtor collection continues as a key focus for the company.

We continue to minimise bad debts with the use of robust credit control procedures, and we have a good history in relation to bad debt write off. There are exceptions however. I am pleased to report bad debts written off in the year have reduced substantially on the previous year.

Bad debts written off in the year amounted to £30,201 (2016 - £130,788)

Targets on trade debtor's collection time are in line with budget

The board of Directors would like to thank our bankers, HSBC for their continued support

Objectives

The group's objectives are to retain profitability and preserve cashflow to enhance its financial strength and shareholder wealth.

Strategy

Airedale Chemical Holdings Group foundations are built on five key principles; Innovation, quality and service, trust, building long standing relationships with our customers and investing in people.

Our reputation in the industry for offering customers outstanding service stems from these principals

The board manages the group's objectives through the implementation and control of strategic planning.

We control and scrutinise overheads and these are under constant review with a view to reducing and minimising spend in all areas of the business.

Principle Risks

The company manages credit risk by assessing each customer and applying credit limits using data from credit checking agencies. Limits are then reviewed on a regular basis by management to ensure the company minimises its exposure to possible over trading with companies seen to be a credit risk.

The company purchases chemicals and dyes in foreign currencies, and as such the company recognise exposure to currency rate fluctuations.

The company manages its exposure to exchange rate fluctuations by using various hedging methods

Airedale Chemical Holdings Limited
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Strategic Report
for the Year Ended 31 December 2017

Other Key Performance Indicators

We have continued to work closely with the Health and Safety Executive and environmental bodies to ensure obligations are met.

Airedale operates their quality system under ISO14001 and ISO9001-2008 standards, demonstrating our commitment to operate our business under a 'best practice' philosophy.

In addition Airedale Solutions Limited and Rigest Trading Limited operates under British Retail Consortium accreditation to allow supply into their customer base.

During the year we have incurred significant cost in continuing our commitments to REACH legislation. All our obligations are currently up to date.

We have continued to incur cost under 'BPR' ensuring the next objectives are met to continue supply of products that fall under article 95.

ON BEHALF OF THE BOARD:



C Thomson – Director
21 September 2018

Airedale Chemical Holdings Limited
Company Registration Number 08368496

Report of the Directors
for the Year Ended 31 December 2017

The directors present their report and the financial statements of the group for the year ended 31 December 2017.

Dividends

Dividends paid during the year ended 31 December 2017 were £5,000 (2016 : £50,426)

Directors

The directors' during the year under review were:

R P Chadwick - resigned 27.3.2018
C J Chadwick
D M Thomson
J W Chadwick
C Thomson

The beneficial interest of the directors holding office on 31 December 2016 in the issued share capital of the group were as follows:

	31.12.17	31.12.16
Ordinary 10p shares		
R P Chadwick	34,300	34,300
C J Chadwick	19,840	19,840
D M Chadwick	-	-
J W Chadwick	5,500	5,500
C Thomson	-	-

Political and charitable donations in the year of £23,314 (2016 £269)

Airedale Chemical Holdings Limited
Company Registration Number 08368496

Report of the Directors
for the Year Ended 31 December 2017

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are responsible 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 proper accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as the disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Auditor

The auditors, Stirk Lambert & Co, will be proposed for re-appointment at the forthcoming Annual General Meeting.

SIGNED ON BEHALF OF THE BOARD:



C Thomson - Secretary

21 September 2018

**Report of the Independent Auditors to the Members of
Airedale Chemical Holdings Limited
Company Registration Number 08368496**

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**Report of the Independent Auditors to the Members of
Airedale Chemical Holdings Limited
Company Registration Number 08368496**

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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the 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 Group Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages four and five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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

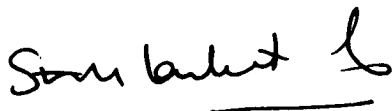
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

**Report of the Independent Auditors to the Members of
Airedale Chemical Holdings Limited
Company Registration Number 08368496**

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.



Richard Hudson FCA (Senior Statutory Auditor)
for and on behalf of Stirk Lambert & Co
Chartered Accountants
Statutory Auditors
Russell Chambers
61a North Street
Keighley
West Yorkshire
BD21 3DS

21 September 2018

Airedale Chemical Holdings Limited
Company Registration Number 08368496

Consolidated Income Statement
for the Year Ended 31 December 2017

		Year Ended 31.12.17 £	Year Ended 31.12.16 £
	Note		
Group turnover	6	48,483,958	46,570,667
Cost of sales		33,882,681	33,153,665
		<hr/>	<hr/>
Gross profit		14,601,277	13,417,002
Distribution costs		3,131,134	3,606,828
Administrative expenses		10,700,455	8,857,502
		<hr/>	<hr/>
Operating profit	7	769,688	952,672
Interest receivable and similar income		-	-
Interest payable and similar charges	9	582,394	747,677
		<hr/>	<hr/>
Profit/(Loss) on ordinary activities before taxation		187,294	204,995
Tax on (loss)/profit on ordinary activities	10	129,481	243,090
		<hr/>	<hr/>
Profit/(Loss) for the financial year	11	57,813	(38,095)
		<hr/>	<hr/>
Profit for the financial year attributable to:			
Owners of the parent		13,161	(143,439)
Non-controlling interest		44,652	105,344
		<hr/>	<hr/>
		57,813	(38,095)
		<hr/>	<hr/>

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the period as set out above.

The company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

Airedale Chemical Holdings Limited
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Consolidated Statement of Comprehensive Income
for the Year Ended 31 December 2017

	Year Ended 31.12.17 £	Year Ended 31.12.16 £
(Loss)/Profit for the financial year	57,813	(38,095)
	<hr/>	<hr/>
Total comprehensive income for the financial year	57,813	(38,095)
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income for the financial year attributable to:		
Owners of the parent	13,161	(143,439)
Non-controlling interest	44,652	105,344
	<hr/>	<hr/>
	57,813	(38,095)
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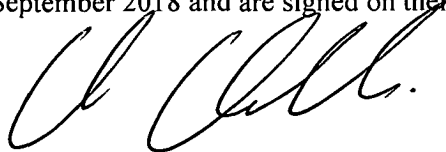
The accounting policies and notes on pages 19 to 43 form part of these financial statements.

Airedale Chemical Holdings Limited
Company Registration Number 08368496

Consolidated Statement of Financial Position
as at 31 December 2017

	Note	31.12.17 £	31.12.16 £
Fixed assets			
Intangible assets	12	1,217,152	657,730
Tangible assets	13	5,917,967	5,696,860
Goodwill	14	499,895	540,372
		<u>7,635,014</u>	<u>6,894,962</u>
Current assets			
Stocks	15	4,145,798	7,976,120
Debtors	16	9,475,812	9,250,581
Cash at bank and in hand		1,501,275	101,755
		<u>15,122,885</u>	<u>17,328,456</u>
Creditors: Amounts falling due within one year	17	18,556,479	19,648,575
Net current (liabilities)/assets		<u>(3,433,594)</u>	<u>(2,320,119)</u>
Total assets less current liabilities		<u>4,201,420</u>	<u>4,574,843</u>
Creditors: Amounts falling due after More than one year	18	1,280,887	1,747,793
Provision for liabilities			
Deferred taxation	23	157,406	116,737
		<u>2,763,127</u>	<u>2,710,313</u>
Capital and reserves			
Called-up equity share capital	29	10,340	10,340
Profit and loss account	30	2,363,949	2,355,788
		<u>2,374,289</u>	<u>2,366,128</u>
Non-controlling interest		388,838	344,185
		<u>2,763,127</u>	<u>2,710,313</u>

These financial statements were approved by the directors and authorised for issue on 21 September 2018 and are signed on their behalf by:



C Chadwick
Director

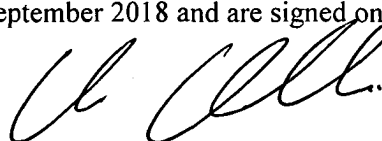
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Airedale Chemical Holdings Limited
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Company Statement of Financial Position
as at 31 December 2017

	Note	31.12.17 £	31.12.16 £
Fixed assets			
Investments	14	569,489	555,949
Current assets			
Debtors	17	-	-
Cash at bank and in hand		-	-
		<u>-</u>	<u>-</u>
Creditors: Amounts falling due			
Within one year	18	559,149	545,609
		<u>-</u>	<u>-</u>
Net current liabilities		(559,149)	(545,609)
		<u>-</u>	<u>-</u>
Total assets less current liabilities		<u>10,340</u>	<u>10,340</u>
Capital and reserves			
Called-up equity share capital	30	10,340	10,340
Profit and loss account	31	-	-
		<u>-</u>	<u>-</u>
(Deficit)/shareholders' funds		<u>10,340</u>	<u>10,340</u>

These financial statements were approved by the directors and authorised for issue on 21 September 2018 and are signed on their behalf by:



C Chadwick
Director

Company Registration Number: 08368496

The accounting policies and notes on pages 19 to 43 form part of these financial statements.

Airedale Chemical Holdings Limited
Company Registration Number 08368496

Consolidated Statement of Changes in Equity
as at 31 December 2017

	Called up share capital	Retained earnings	Total equity
Owners of the Parent	£	£	£
Balance at 1 January 2016	10,340	2,547,205	2,557,545
Changes in equity			
Total comprehensive income	-	(143,439)	(143,439)
Dividends	-	(50,426)	(50,426)
Adjustment for subsidiary excluded from consolidation	-	2,448	2,448
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	10,340	2,355,788	2,366,128
	<hr/>	<hr/>	<hr/>
Changes in equity			
Dividends	-	(5,000)	(5,000)
Total comprehensive income	-	13,161	13,161
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	10,340	2,363,949	2,374,289
	<hr/>	<hr/>	<hr/>
Non Controlling Interest	-	388,838	388,838
	<hr/>	<hr/>	<hr/>
	10,340	2,752,787	2,763,127
	<hr/>	<hr/>	<hr/>

The accounting policies and notes on pages 19 to 43 form part of these financial statements.

Airedale Chemical Holdings Limited
Company Registration Number 08368496

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

	Called up share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 January 2016	10,340	-	10,340
Changes in equity			
Total comprehensive income	-	59,640	59,640
Dividends	-	(59,640)	(59,640)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	10,340	-	10,340
	<hr/>	<hr/>	<hr/>
Changes in equity			
Dividends	-	(5,000)	(5,000)
Total comprehensive income	-	5,000	5,000
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	10,340	-	10,340
	<hr/>	<hr/>	<hr/>

The accounting policies and notes on pages 19 to 43 form part of these financial statements.

Airedale Chemical Holdings Limited
Company Registration Number 08368496

Consolidated Statement of Cash Flows
Year Ended 31 December 2017

	Year Ended 31.12.17 £	Year Ended 31.12.16 £
Cash inflow from operating activities		
Profit for the financial year	769,688	952,672
Adjustments for:		
Amortisation of intangible assets	187,681	122,700
Depreciation of tangible assets	856,081	947,700
(Profit) /Loss on disposal of fixed assets	(792)	(4,500)
Interest paid	(582,394)	(747,778)
Interest received	-	-
Taxation	(102,932)	(9,068)
Decrease/(increase) in trade and other debtors	(225,231)	(1,022,786)
Decrease/(increase) in stocks	3,830,322	1,452,761
Increase/(decrease) in trade creditors	(2,882,735)	1,932,321
	<hr/>	<hr/>
Cash from operations	1,849,688	3,624,022
	<hr/>	<hr/>
Net cash generated from operating activities		
Cash flows from financing activities		
Proceeds from sale of tangible assets	19,514	5,000
Purchases of tangible assets	(1,095,910)	(686,102)
Purchases of intangible assets	(693,086)	(495,788)
Purchase of investment goodwill	(13,540)	-
	<hr/>	<hr/>
Net cash from investing activities	(1,783,022)	(1,176,890)
	<hr/>	<hr/>
Cash flows from financing activities		
Movement of bank loans	1,313,129	(7,188,792)
Movement of finance lease obligations	24,725	(167,862)
Dividends paid	(5,000)	(50,426)
	<hr/>	<hr/>
Net cash used in financing activities	1,332,854	(7,407,080)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	1,399,520	(4,959,948)
	<hr/>	<hr/>
Cash and cash equivalents at the beginning of year	101,755	5,061,703
	<hr/>	<hr/>
Cash and cash equivalents at end of year	<u>1,501,275</u>	<u>101,755</u>

The accounting policies and notes on pages 19 to 43 form part of these financial statements.

Airedale Chemical Holdings Limited
Company Registration Number 08368496

Notes to the Financial Statements
For the year ended 31 December 2017

1. Company information

The business is a Limited Company, incorporated in England and Wales.
The registered office and place of business is disclosed on the company information page.

2 Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Sterling (£).

The group financial statement consolidate the financial statements of Airedale Chemical Holdings Limited and all its subsidiary undertakings, except for Rigest Trading (Ireland) Limited, drawn up to 31 December each year. Rigest Trading (Ireland) Limited is considered trivial to the group, and has not traded since 31 January 2016.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company's profit for the year was £NIL (2016: £NIL).

The individual accounts of Airedale Chemical Holdings Limited have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including:
 - categories of financial instruments,
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to and management of financial risks.

4. Going concern

After reviewing the group's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Airedale Chemical Holdings Limited
Company Registration Number 08368496

Accounting policies
Year Ended 31 December 2017

5. Principal accounting policies

5.1 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill.

5.2 Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Group reconstructions are accounted for under the merger method. The merger method was utilised when the Holding company was created and Airedale Chemical Company Limited was the only subsidiary.

5.3 Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Sale of goods

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods.

Rendering of services

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

Accounting policies (continued)
Year Ended 31 December 2017

5.4 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

- Software development costs 5 years
- Goodwill 10 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

If the net fair value of the identifiable assets and liabilities acquired exceeds the cost of a business combination, the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired is recognised in profit or loss in the periods expected to be benefitted.

Costs directly attributable to obtaining the IPPC licence have been capitalised and are amortised on the straight-line basis over the estimated useful economic life of 10 years, which was chosen because it represents the length of period directors expect benefits to arise from holding the permit.

5.5 Intangible fixed assets amortisation policy

Intangible fixed assets (including new product development) are amortised over 36 months to write off the asset on a straight line basis over their estimated useful economic lives. Impairment of intangible assets is only reviewed where circumstances indicate that the carrying value of an asset may not be fully recoverable

5.6 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and bank facilities in order to meet liabilities as they fall due. Cash flow forecasting and credit control are constantly monitored by a specific department. The level of facilities required is reviewed on an annual basis.

5.7 Tangible fixed assets

All fixed assets are initially recorded at cost.

Airedale Chemical Holdings Limited
Company Registration Number 08368496

Accounting policies (continued)
Year Ended 31 December 2017

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	- 2% on cost
Property improvements	- 2% on cost
Plant & machinery	- 20% reducing balance
Fixtures & fittings	- 20% reducing balance
Motor vehicles	- 25% reducing balance

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

5.8 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

5.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

5.10 Creditors

Short term trade 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.

5.11 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability.

Airedale Chemical Holdings Limited
Company Registration Number 08368496

Accounting policies (continued)
Year Ended 31 December 2017

Leases (continued)

Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

5.12 Provisions for liabilities

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

5.13 Pension costs

The group operates a defined contribution pension schemes for employees. The assets of the schemes are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

5.14 Taxation

Current tax is recognised for the amount of income 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 time differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Airedale Chemical Holdings Limited
Company Registration Number 08368496

Accounting policies (continued)
Year Ended 31 December 2017

Taxation (continued)

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

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

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

5.15 Research and development

Expenditure on research and development is written off in the year in which it is incurred.

5.16 Foreign currency translation

Functional currency and presentation currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£).

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate of the dates of the transactions, or at an average rate where this rate approximates the actual rate of the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

Airedale Chemical Holdings Limited
Company Registration Number 08368496

Accounting policies (continued)
Year Ended 31 December 2017

Translation of group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to Sterling (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of group companies are recognised in other comprehensive income and are not reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

5.17 Employer-financed retirement benefit scheme (EFRBS)

The company has established trusts for the benefit of employees and persons connected with them. Monies held in these trusts are held by independent trustees and managed at their discretion. The trustees are empowered to provide both retirement and other employee benefits.

Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from these monies, such monies, whether in the trust or accrued for by the company are charged to the profit and loss account in the period to which they relate.

Where monies held in a trust are determined by the company on the basis of employees' past services to the business and are payable after completion of the employment, such monies are charged to the profit and loss account in the period during which services are rendered by employees.

5.18 Significant accounting judgements and key sources of estimation uncertainty.

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

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

The directors do not believe there are any estimates or assumptions used in preparing the financial statements, that are not considered within another accounting policy, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Airedale Chemical Holdings Limited
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Notes for the financial statements
Year Ended 31 December 2017

6. Turnover

Turnover, analysed geographically between markets, was as follows:

	Year Ended 31.12.17	Year Ended 31.12.16
	£	£
United Kingdom	47,643,650	45,753,897
Other European Union	837,375	788,770
Australia & New Zealand	2,933	28,000
	<hr/>	<hr/>
	48,483,958	46,570,667
	<hr/> <hr/>	<hr/> <hr/>

Turnover comprises of sales of goods only.

7. Operating Profit/(Loss)

Operating profit/(loss) is stated after charging:

	Year Ended 31.12.17	Year Ended 31.12.16
	£	£
Depreciation on owned fixed assets	532,881	684,615
Depreciation on assets on hire purchase	323,200	263,085
(Profit)/Loss on disposal of fixed assets	(792)	(4,500)
Auditor's remuneration		
as auditor	26,700	34,385
for other services	9,275	10,835
Operating lease costs:		
other	383,979	346,173
Hire of plant and machinery	528,375	530,605
Pension costs	197,428	84,504
Research and development	-	3,684
Patents and licences amortisation	133,664	86,657
(Profit)/Loss on foreign exchange	1,072,852	(83,400)
Inventories utilised to generate sales	30,052,954	32,422,015
	<hr/> <hr/>	<hr/> <hr/>

Airedale Chemical Holdings Limited
Company Registration Number 08368496

Notes for the financial statements
Year Ended 31 December 2017

8. (a) Particulars of employees

The average number of staff employed by the group during the financial year amounted to:

	Year Ended 31.12.17	Year ended 31.12.16
	No.	No.
Management & administration	28	27
Sales & distribution	50	50
Technical	7	8
Production	51	64
	<hr/>	<hr/>
	136	149
	<hr/> <hr/>	<hr/> <hr/>

The aggregate payroll costs of the above were:

	Year Ended 31.12.17	Year ended 31.12.16
	£	£
Wages and salaries	5,422,446	5,268,624
Social security costs	558,554	493,928
Other pension costs	197,428	84,504
	<hr/>	<hr/>
	6,178,428	5,847,056
	<hr/> <hr/>	<hr/> <hr/>

8. (b) Directors emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	Year Ended 31.12.17	Year Ended 31.12.16
	£	£
Aggregate emoluments	360,004	759,633
	<hr/> <hr/>	<hr/> <hr/>

Information regarding the highest paid director is as follows:

	£	£
Emoluments etc	152,167	180,940
	<hr/> <hr/>	<hr/> <hr/>

Airedale Chemical Holdings Limited
Company Registration Number 08368496

Notes for the financial statements
Year Ended 31 December 2017

9. Interest payable and similar charges

	Year Ended 31.12.17	Year Ended 31.12.16
	£	£
Bank interest	102,919	65,217
Bank loan interest	95,413	130,703
Interest on directors loans	37,551	28,365
Interest on pension scheme loan	6,327	3,842
Other interest	82,602	249,778
Mortgage interest	17,786	21,157
Invoice discounting interest	203,197	200,829
Hire purchase	36,599	47,786
	<hr/>	<hr/>
	582,394	747,677
	<hr/> <hr/>	<hr/> <hr/>

10. Taxation on ordinary activities
(a) Analysis of charge in the year

	Year Ended 31.12.17	Year Ended 31.12.16
	£	£
Current tax:		
UK Corporation tax based on the results of the year at 19.25% (2016 20%)	88,812	220,419
Under provision in prior year	-	73,546
Deferred tax:		
Origination and reversal of timing differences	40,669	(50,875)
	<hr/>	<hr/>
Tax on (loss)/profit on ordinary activities	129,481	243,090
	<hr/> <hr/>	<hr/> <hr/>

Airedale Chemical Holdings Limited
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Notes for the financial statements
Year Ended 31 December 2017

10. Taxation on ordinary activities (continued)
(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19.25% (2016 20.0%)

	Year Ended 31.12.17	Year Ended 31.12.16
	£	£
(Loss)/Profit on ordinary activities before taxation	185,393	259,012
(loss)/Profit on ordinary activities by rate of tax	35,688	51,802
Expenses not deductible for tax purposes	23,366	23,030
Depreciation for period in excess of		
Capital allowances	18,994	70,760
Group Relief	-	74,827
Other timing differences	10,764	73,546
Movement on Deferred Tax	40,669	(50,875)
	<u>129,481</u>	<u>243,090</u>

11. Profit attributable to members of the parent company

The (loss)/profit dealt with in the financial statements of the parent company was
£Nil (2016 - Nil)

12. Intangible fixed assets

Group

	Patents & licences £
COST	
At 1 January 2017	813,070
Additions	693,086
At 31 December 2017	<u>1,506,156</u>
AMORTISATION	
At 1 January 2017	155,340
Charge for year	133,664
At 31 December 2017	<u>289,004</u>
NET BOOK VALUE	
At 31 December 2017	<u>1,217,152</u>
At 31 December 2016	<u>657,730</u>

Airedale Chemical Holdings Limited
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Notes for the financial statements
Year Ended 31 December 2017

13. Tangible fixed assets

	Group Freehold property	Property improvements	Plant & machinery	Fixtures & fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost at 1 Jan 2017	1,964,970	1,791,285	5,153,845	715,669	3,018,965	12,644,734
Additions	-	134,130	712,653	24,106	275,021	1,145,910
Disposals	-	-	-	(2,914)	(239,548)	(242,462)
Reclassification	(50,000)	-	-	-	-	(50,000)
At 31 Dec 2017	1,914,970	1,925,415	5,866,498	736,861	3,054,438	13,498,182
At 1 Jan 2017	135,741	559,065	3,528,966	566,597	2,157,505	6,947,874
Charge for the year	33,300	51,952	430,327	60,761	279,741	856,081
On disposal	-	-	-	(1,766)	(221,974)	(223,740)
At 31 Dec 2017	169,041	611,017	3,959,293	625,592	2,215,272	7,580,215
Net book value						
At 31 Dec 2017	1,745,929	1,314,398	1,907,205	111,269	839,166	5,917,967
At 30 Dec 2016	1,829,229	1,232,220	1,624,879	149,072	861,460	5,696,860

All tangible fixed assets have been pledged as security for bank lending.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Plant and Machinery £	Fixtures & fittings £	Motor vehicles £	Totals £
COST OR VALUATION				
At 1 January 2017	555,798	103,905	838,458	1,498,161
Additions	223,207	-	262,620	485,827
Transfer to ownership	-	(58,069)	(18,000)	(76,069)
At 31 December 2017	779,005	45,836	1,083,078	1,907,919
DEPRECIATION				
At 1 January 2017	130,293	25,738	383,007	539,038
Charge for year	139,584	5,617	177,999	323,200
Transfer to ownership	-	(22,870)	(9,352)	(32,222)
At 31 December 2017	269,877	8,485	551,654	830,016
NET BOOK VALUE				
At 31 December 2017	509,128	37,351	531,424	1,077,903
At 31 December 2016	425,505	78,167	455,451	959,123

Airedale Chemical Holdings Limited
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Notes for the financial statements
Year Ended 31 December 2017

13. Freehold Property Valuation

If freehold property had not been revalued it would have been included at the following historical cost:

	31.12.17	31.12.16
	£	£
Cost	2,157,604	2,207,604
	<u> </u>	<u> </u>
Aggregate depreciation	488,471	445,319
	<u> </u>	<u> </u>

Freehold property was valued on existing use value basis on 17 June 2016 by Knight Frank.

Improvements to property associated with the above were also revalued at the same time on the same basis. If they had not been revalued they would have been included at the following historical cost:

	31.12.17	31.12.16
	£	£
Cost	1,709,405	1,575,275
	<u> </u>	<u> </u>
Aggregate depreciation	468,177	428,370
	<u> </u>	<u> </u>

COMPANY

The Parent company had no Tangible Fixed Assets during the year and at 31 December 2017.

14. Investments Company

Cost	£
1 January 2017	555,949
Additions	13,540
	<u> </u>
At 31 December 2017	569,489
	<u> </u>
Net book value at 31 December 2017	569,489
	<u> </u>
At 31 December 2016	555,949
	<u> </u>

Airedale Chemical Holdings Limited
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Notes for the financial statements
Year Ended 31 December 2017

Interests in subsidiaries

At 2017 the group and the company had interests in the following subsidiaries:

Subsidiaries	Type of shares held	Proportion held (%)	Country of incorporation	Nature of business
Airedale Chemical Company Ltd	Ordinary	94%	United Kingdom	Chemicals
Airedale Solutions Ltd	Ordinary	100%	United Kingdom	Chemicals
Rigest Trading Limited	Ordinary	100%	United Kingdom	Chemicals
Rigest Trading (Ireland) Limited	Ordinary	100%	Ireland	Chemicals

Airedale Chemical Company Limited became a subsidiary via a group reconstruction in June 2013. This company is therefore consolidated via merger accounting.

Airedale Solutions Limited was purchased on 20 June 2013 and is therefore consolidated via acquisition accounting. Rigest Trading Limited and Rigest Trading (Ireland) Limited were acquired on 2 June 2015 and are consolidated via acquisition accounting. Goodwill arising on consolidation is shown on the face of the balance sheet. The Goodwill arising on consolidation is amortised over its useful life.

Airedale Chemical Holdings Limited
Company Registration Number 08368496

Notes for the financial statements
Year Ended 31 December 2017

14.(a) Goodwill arising on consolidation

	Year Ended 31.12.17 £	Year Ended 31.12.16 £
Cost		
At 1 January 2017	653,217	653,217
Acquisition in Year	13,540	-
	<hr/>	<hr/>
At 31 December 2017	666,757	653,217
	<hr/>	<hr/>
Amortisation		
At 1 January 2017	112,845	58,828
Charge in the year	54,017	54,017
	<hr/>	<hr/>
At 31 December 2017	166,862	112,845
	<hr/>	<hr/>
Net Book Value	499,895	540,372
	<hr/> <hr/>	<hr/> <hr/>

15. Stocks

	Group		Company	
	Year ended 31.12.17 £	Year ended 31.12.16 £	Year ended 31.12.17 £	Year ended 31.12.16 £
Raw materials and Finished goods	4,145,798	7,976,120	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	4,145,798	7,976,120	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All items of stock have been pledged as security for bank lending.

Airedale Chemical Holdings Limited
Company Registration Number 08368496

Notes for the financial statements
Year Ended 31 December 2017

16. Debtors

	Group		Company	
	Year ended	Year ended	Year ended	Year ended
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Trade debtors	7,873,656	8,045,373	-	-
Other debtors	862,431	437,488	-	-
Social Security & other taxes	3,119	13,446	-	-
Prepayments	403,669	563,515	-	-
Directors loan accounts	332,937	190,759	-	-
	<u>9,475,812</u>	<u>9,250,581</u>	<u>-</u>	<u>-</u>

17. Creditors: Amounts falling due within one year

	Group		Company	
	Year ended	Year ended	Year ended	Year ended
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Hire purchase	392,630	354,069	-	-
Bank loans & Overdraft	5,051,466	3,486,330	-	-
Other loans	421,978	200,110	549,149	535,609
Trade creditors	4,240,261	4,023,042	-	-
Corporation tax	199,768	220,419	-	-
Other taxation & social security	544,037	714,177	-	-
Other creditors	14,448	10,000	10,000	10,000
Directors loan accounts	457,666	196,578	-	-
Accruals & deferred Income	863,935	3,718,755	-	-
Invoice discounting accounts	6,370,290	6,725,095	-	-
	<u>18,556,479</u>	<u>19,648,575</u>	<u>559,149</u>	<u>545,609</u>

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

	Group		Company	
	Year ended 31.12.17	Year ended 31.12.16	Year ended 31.12.17	Year ended 31.12.16
	£	£	£	£
Hire purchase	439,023	452,859	-	-
Bank loans & overdrafts	841,664	738,866	-	-
Other loans	200	556,068	-	-
	<u>1,280,887</u>	<u>1,747,793</u>	<u>-</u>	<u>-</u>

19. Secured Debts

The following liabilities disclosed under creditors are secured by the group:

	Group		Company	
	Year ended 31.12.17	Year ended 31.12.16	Year ended 31.12.17	Year ended 31.12.16
	£	£	£	£
Hire purchase	831,653	806,928	-	-
Bank & overdrafts	2,533,450	1,273,004	-	-
Bank loans	3,359,680	2,952,192	-	-
Invoice discounting accounts	6,370,290	6,725,095	-	-
	<u>13,095,073</u>	<u>11,757,219</u>	<u>-</u>	<u>-</u>

HSBC borrowings are secured by a Debenture comprising fixed and floating charges over all assets of the company.

First Legal Mortgage over the Freehold Property of Airedale Chemical Company Limited known as Airedale Mills, Skipton Road, Crosshills, Keighley dated 6 August 2012 in favour of HSBC.

Composite company unlimited multilateral guarantee dated 18 September 2013 given by Airedale Solutions Limited and Airedale Chemical Company Limited.

Hire Purchase creditors are secured on the assets of which the agreement relates.

Invoice discounting accounts are secured against the debtors ledger of the company.

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20. Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	Year ended 31.12.17	Year ended 31.12.16	Year ended 31.12.17	Year ended 31.12.16
	£	£	£	£
Loans less than 1 yr	5,051,466	3,688,440	-	-
Loans – 1-2 yrs	242,810	556,068	-	-
Loans – 2-5 yrs	315,005	-	-	-
Loans more 5 yrs- By instalments	283,849	738,866	-	-
	<u>5,893,130</u>	<u>4,983,374</u>	<u>-</u>	<u>-</u>

The bank loans are repayable as follows:-

A combined Limit Multi Currency Facility incorporating import loan with HSBC commencing September 2012, with no fixed repayment terms, facilities are repayable on demand. Interest is calculated at 2.75% over Bank of England base rate.

Term loan with HSBC commencing July 2014, repayable in monthly instalments over a period of ten years with interest payable at 2% over base rate.

21. Obligations under Hire Purchase Contracts and Leases

	Hire purchase contracts	
	31.12.17	31.12.16
Gross obligations repayable:		
Within one year	414,515	384,406
Between one and five year	459,053	470,231
	<u>873,568</u>	<u>854,637</u>
Finance charges repayable:		
Within one year	21,885	30,337
Between one and five years	20,030	17,372
	<u>41,915</u>	<u>47,709</u>
Net obligations repayable:		
Within one year	392,630	354,069
Between one and five year	439,023	452,859
	<u>831,653</u>	<u>806,928</u>

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22. Pensions

The group operates a number of defined contribution pension schemes for employees. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost represents contributions payable by the company to the funds and amounted to £197,428 (2016 - £84,504).

23. Deferred taxation

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

	Group		Company	
	Year ended 31.12.17	Year ended 31.12.16	Year ended 31.12.17	Year ended 31.12.16
	£	£	£	£
Provision brought fwd	116,737	167,612	-	-
Provision for year	40,669	(50,875)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Provision carried fwd	<u>157,406</u>	<u>116,737</u>	<u>-</u>	<u>-</u>

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

	Year ended 31.12.17		Year ended 31.12.16	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>157,406</u>	<u>-</u>	<u>116,737</u>	<u>-</u>

The elements of the company's deferred taxation, which result in a nil balance at the end of the year, together with details of other amounts not provided for, are as follows:

Company

	Year ended 31.12.17		Year ended 31.12.16	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The amount of the net reversal of deferred tax expected to occur next year is £NIL (2016: £NIL) relating to the reversal of existing timing differences on tangible fixed assets and the origination of new timing differences on intangible fixed assets.

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24. Commitments under operating leases

At 31 December 2017 the group had commitments under non-cancellable operating leases as set out below:

	2017 £	2016 £
Operating leases which expire:		
Within 1 year	589,621	675,315
Within 1 to 5 years	1,052,006	1,299,711
After more than 5 years	439,721	1,226,235
	<u>2,081,348</u>	<u>3,201,261</u>

25. Ultimate Controlling Party

The company is controlled by the directors. There is no majority shareholder.

26. Directors Advances, Credits and Guarantees

The following advances and credits to directors subsisted during the years ended 31 December 2017 and 31 December 2016:

	2017 £	2016 £
D M Chadwick		
Balance outstanding at start of year	113,217	56,955
Amounts advanced	105,669	56,262
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>218,886</u>	<u>113,217</u>
R P Chadwick		
Balance outstanding at start of year	72,171	-
Amounts advanced	165,945	72,171
Amounts repaid	(21,647)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>216,469</u>	<u>72,171</u>
J W Chadwick		
Balance outstanding at start of year	201,942	-
Amounts advanced	39,394	201,942
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>241,336</u>	<u>201,942</u>

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26. Directors Advances, Creditors and Guarantees (Continued)

The company has received from the directors and from the Self Administered Pension Scheme the following loans:

	Balance b/fwd £	Maximum balance in year £	Balance c/fwd £
C J Chadwick	267,374	267,374	229,641
C Thomson	2,102	2,102	-
Pension Scheme	183,790	183,790	130,899

The Company pays a commercial rate of interest of 4.5% over the Bank of England base rate on all loans from directors and 3% over Bank of England base rate on loans from the Self Administered Pension Scheme.

During the year the company paid the following interest on loans to:-

	2017 £	2016 £
Directors	11,832	28,365
Self Administered Pension Scheme	6,327	3,841

The directors with beneficial interests in the Self Administered Pension Scheme are Mr R P Chadwick, D M Chadwick and J W Chadwick.

27. Related party disclosures

The company has received the following loans from members of the directors' families:

	Balance b/fwd £	Maximum balance in year £	Balance c/fwd £
Executors of B Chadwick (Deceased)	166,858	166,858	-

The company pays a commercial rate of interest of 4.5% over the bank of England base rate on these loans. During the year the loans attracted interest of £4,519 (2016: £1,536).

During the year the group has made payments on behalf of the Executors of B Chadwick (deceased) totalling £291,515 which leaves a debtor balance of £124,857 at 31 December 2017.

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28. Contingent Liabilities

The company has appointed assets to an Employer Financed Retirement Benefits Scheme. The company is liable for PAYE/NIC that may arise on awards made by the Trustees. The directors are of the opinion that the Trustees will award most of the benefits in a way that will not result in a PAYE/NIC liability.

During the year to 31 December 2017 advance payment notices (APN's) received from HMRC in respect to PAYE and NIC liabilities on the tax schemes became due for payment. These were payable irrespective of whether or not the scheme was ultimately deemed to be successful. The company negotiated a time to pay arrangement with HMRC to settle the amounts being demanded over an extended period of time.

At the year end date the legal advice obtained by the scheme managers, who have employed leading counsel was that the company had a strong chance of success in defending the effectiveness of the tax planning schemes. The directors were therefore confident that the APN payments made would ultimately be repayable to the company.

29. Share capital

Authorised share capital:

	Year ended 31.12.17 £	Year ended 31.12.16 £
103,400 (2016 – 103,400) Ordinary shares of 10p each	10,340	10,340
	<u>10,340</u>	<u>10,340</u>

Allotted called up and fully paid:

	2017 No	£	2016 No	£
103,400 Ordinary shares (2016 – 103,400) of 10p	103,400	10,340	103,400	10,340
	<u>103,400</u>	<u>10,340</u>	<u>103,400</u>	<u>10,340</u>

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30. Reserves

Group	Year ended 31.12.17 £
Profit and loss account	
At 1 Jan 2017	2,355,788
Profit for the period	13,161
Dividend	(5,000)
Balance carried forward	<u>2,363,949</u>

Company	Year Ended 31.12.17 £
Profit and loss account	
At 1 Jan 2017	-
Profit/(Loss) for year	5,000
Dividends	(5,000)
Balance carried forward	<u>-</u>

31. Reconciliation of movements in shareholders' funds

	2017 £	2016 £
Profit/(Loss) for the year	13,161	(143,439)
Dividends	(5,000)	(50,426)
Adjustment for Subsidiary	-	2,448
Net (reduction)/addition of shareholders' funds	<u>8,161</u>	<u>(191,417)</u>
Opening shareholders' funds	2,366,128	2,557,545
Closing shareholders' funds	<u>2,374,289</u>	<u>2,366,128</u>

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32. Financial risk management

The group has exposure to three main areas of risk – foreign exchange currency exposure, liquidity risk and customer credit exposure. To a lesser extent the group is exposed to interest rate risk.

Foreign exchange transactional currency exposure

The group is exposed to currency exchange rate risk due to a significant proportion of its receivables and operating expenses being denominated in non-Sterling currencies. The net exposure of each currency is monitored and managed by the use of forward foreign exchange contracts, currency loans or overdrafts. The forward foreign exchange contracts all mature within 12 months.

Liquidity risk

The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the group has credit facilities available. Given the maturity of the bank loans shown in note 20, the group is in position to meet its commitments and obligations as they come due.

Customer credit exposure

The group may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships and by credit insurance.

Interest rate risk

The group borrows from its bankers using either overdrafts or term loans whose tenure depends on the nature of the asset and management's view of the future direction of interest rate.

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33. Subsequent events

As described in note 5.17 and 28 to the accounts the company previously appointed assets into an Employer Financed Retirement Benefits scheme and Employee Benefit Trusts.

In April 2018 HMRC issued a follower notice relating to one of the schemes undertaken. At the same time new legal advice was received from the scheme managers and leading counsel that following recent court and tribunal decisions together with the implementation of the follower notice legislation by HMRC that there was no longer a realistic prospect of the schemes being successfully defended.

Based on the new circumstances and significant change to the underlying advice the directors took the decision at the end of May 2018 to seek settlement of the schemes with HMRC. The amounts that will be due for payment are highly uncertain and subject to negotiation with HMRC but the directors' best working estimate is that around £3m will be due. The directors are confident that a manageable time to pay arrangement will be negotiated with HMRC.