

# Consolidated financial statements Adam Investment Company Limited

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For the period ended 30 November 2017

**COMPANIES HOUSE  
EDINBURGH**

**31 AUG 2018**

**FRONT DESK**



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## Report of the directors

The directors present their report and the financial statements of the company and group for the period ended 30 November 2017.

### **Directors**

The directors who served the company during the period were as follows:

G F Adam  
R H Leith  
G M Adam  
R C Wright

C R Lee and D Walker were appointed on 4 December 2017.

### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group 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 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 company's transactions and disclose with reasonable accuracy at any time the financial position of 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Report of the directors

### Future Developments

The key focus for the forthcoming year will be on successfully integrating the Group into the wider Ecolab Inc. Group.

### Post Balance sheet events

On 4 December 2017, the company and its subsidiary entities was acquired by Ecolab Inc.

### Disclosure of information to auditor

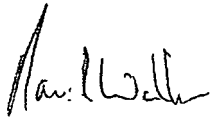
The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the group's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditor

An auditor will be proposed for appointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on **31 August 2018** and signed on its behalf.



D Walker

Director

Date: 31 August 2018

## Strategic report

### Principal activities

The group is principally engaged in the manufacture and distribution of maintenance chemicals.

### Business review

In the opinion of the directors, during the period the Group continued to trade satisfactorily both at home and abroad in highly competitive markets. Like for like Group turnover increased by 7.2%, whilst margins were maintained by monitoring and controlling of costs. The directors are confident that both the UK and Dubai businesses will maintain this level of performance in the forthcoming year.

The directors have significantly invested in the business through a major programme of capital expenditure during 2015-2017. Further expenditure is planned throughout 2018 which will continue to increase the capacity and scope of its manufacturing activities.

### Results and dividends

The profit for the period after taxation amounted to £2,848,943 (2016: £1,821,619). Dividends were paid during the period of £234,295 (2016: £206,730).

### Key performance indicators

	2017	2016
	£	£
Turnover	22,317,250	14,696,506
Operating profit	2,980,416	1,920,540
EBITDA	3,872,618	2,512,728
Cash in hand	4,493,223	3,140,759
Total net assets	9,261,248	7,316,067

In addition to financial indicators the directors monitor a number of operational KPIs on an on-going basis and the primary manufacturing and trading company operates to a strict Quality and Environmental Management System registered to ISO 9001:2008 and ISO 14001:2004.

### Principal risks and uncertainties

The major risks facing the group are unforeseen increases in raw material prices and adverse foreign exchange fluctuations which can negatively impact on overseas results.

### Financial Risk Management Objectives and Policies

#### Financial Risk Management

The group's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs.

## Strategic report

### Principal risks and uncertainties (continued)

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

#### Price risk

The group is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

#### Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual party is subject to a limit, which is reassessed annually by the board.

#### Liquidity risk

The group actively maintains a mixture of forms of finance that is designed to ensure the group has sufficient available funds for its operations.

#### Interest rate cash flow risk

The group has interest bearing liabilities. The group has a policy of maintaining debt at a fixed rate to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

This report was approved by the board on 31 August 2018 and signed on its behalf.

  
D Walker

Director

Date: 31 August 2018



## The Independent auditors' report to the members of Adam Investment Company Limited

### Opinion

We have audited the financial statements of Adam Investment Company Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 30 November 2017 which comprise the consolidated and company statements of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity, the consolidated statement of cash flows and the 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's affairs as at 30 November 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.

### 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company 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.

### Who we are reporting to

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

### 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 or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



## The Independent auditors' report to the members of Adam Investment Company Limited

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Strategic report and the Directors' report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matter on which we are required to report under the Companies Act 2006**

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 strategic report or the directors' report.

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

We have nothing to report in respect of the following matters in relation to which 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.





## The Independent auditors' report to the members of Adam Investment Company Limited

### **Responsibilities of directors for the financial statements**

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Andrew Howie  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Glasgow

Date: 31 August 2018

**Adam Investment Company Limited**  
**Consolidated financial statements for the period ended 30 November 2017**

## Consolidated income statement

	Note	17 Month period to 30 Nov 2017 £	Year to 30 June 2016 £
<b>Group turnover</b>	5	22,317,250	14,696,506
Cost of sales		(9,318,908)	(5,998,484)
<b>Gross profit</b>		12,998,342	8,698,022
Other operating charges	6	(10,017,926)	(6,777,482)
<b>Operating profit</b>	7	2,980,416	1,920,540
Interest receivable and other income		314,812	118,420
Interest payable and other similar charges	9	(137,577)	(79,569)
<b>Profit on ordinary activities before taxation</b>		3,157,651	1,959,391
Tax on profit on ordinary activities	10	(308,708)	(137,772)
<b>Profit on ordinary activities after taxation</b>		2,848,943	1,821,619

All of the activities of the group are classed as continuing.

**The accompanying accounting policies and notes form part of these financial statements.**

## Consolidated statement of comprehensive income

		17 Month period to 30 Nov 2017 £	Year to 30 June 2016 £
	Note		
<b>Profit for the financial year</b>		2,848,943	1,821,619
Actuarial loss in respect of defined benefit pension scheme	19	(534,000)	(1,113,000)
Deferred tax in respect of defined benefit pension scheme		58,960	161,700
Other movements – foreign exchange		(194,427)	679,701
<b>Total comprehensive income</b>		<u>2,179,476</u>	<u>1,550,020</u>

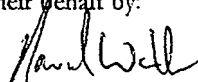
**The accompanying accounting policies and notes form part of these financial statements.**

## Consolidated statement of financial position

	Note	17 Month Period ended 30 Nov 2017 £	Year ended 30 June 2016 £
<b>Fixed assets</b>			
Tangible assets	12	2,043,010	2,825,193
Investments	13	3,772,972	2,420,601
		<u>5,815,982</u>	<u>5,245,794</u>
<b>Current assets</b>			
Stocks	14	1,568,370	1,405,712
Debtors	15	4,080,948	3,825,488
Cash in hand		4,493,223	3,140,759
		<u>10,142,541</u>	<u>8,371,959</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(2,930,836)</u>	<u>(3,099,745)</u>
<b>Net current assets</b>		<u>7,211,705</u>	<u>5,272,214</u>
<b>Total assets less current liabilities</b>		<u>13,027,687</u>	<u>10,518,008</u>
<b>Creditors: amounts falling due after more than one year</b>	17	<u>(513,891)</u>	<u>(438,374)</u>
		<u>12,513,796</u>	<u>10,079,634</u>
<b>Provisions for liabilities</b>			
Deferred taxation	18	<u>(94,548)</u>	<u>(108,567)</u>
<b>Net assets excluding pension liability</b>		<u>12,419,248</u>	<u>9,971,067</u>
Defined benefit pension scheme liability	19	<u>(3,158,000)</u>	<u>(2,655,000)</u>
<b>Net assets including pension liability</b>		<u>9,261,248</u>	<u>7,316,067</u>
<b>Capital and reserves</b>			
Called-up equity share capital	20	624	624
Share premium account	20	1,321,966	1,321,966
Revaluation reserve		727,763	722,848
Profit and loss account		7,210,895	5,270,629
<b>Shareholders' funds</b>		<u>9,261,248</u>	<u>7,316,067</u>

These financial statements were approved by the directors and authorised for issue on 31 August 2018 and are signed on their behalf by:

D Walker



Director

Date: 31 August 2018

Company No. SC064585

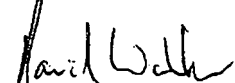
The accompanying accounting policies and notes form part of these financial statements.

## Company statement of financial position

	Note	17 Month Period ended 30 Nov 2017 £	Year ended 30 June 2016 £
<b>Fixed Assets</b>			
Tangible assets	12	-	703,453
Investments	13	5,016,581	3,335,441
		<u>5,016,581</u>	<u>4,038,894</u>
<b>Current assets</b>			
Debtors	15	107,160	65,177
Cash in hand		5,347	87,149
		<u>112,507</u>	<u>152,326</u>
Creditors: amounts falling due within one year	16	(5)	(15,466)
Net current assets		<u>112,502</u>	<u>136,860</u>
Total assets less current liabilities		<u>5,129,083</u>	<u>4,175,754</u>
<b>Provisions for liabilities</b>			
Deferred taxation	18	1,210	1,689
<b>Net assets</b>		<u>5,130,293</u>	<u>4,177,443</u>
<b>Capital and reserves</b>			
Called-up equity share capital	20	624	624
Share premium account	20	1,321,966	1,321,966
Profit and loss account		<u>3,807,703</u>	<u>2,854,853</u>
<b>Shareholders' funds</b>		<u>5,130,293</u>	<u>4,177,443</u>

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Income Statement in these financial statements. The parent company's profit for the period was £1,187,145 (2016: £907,113).

These financial statements were approved by the directors and authorised for issue on 31 August 2018 and are signed on their behalf by:



D Walker

Director

Date: 31 August 2018

Company No. SC064585

The accompanying accounting policies and notes form part of these financial statements.

## Consolidated statement of cash flows

	17 Month period ended 30 Nov 2017 £'000	Year to 30 June 2016 £'000
<b>Cash flows from operating activities</b>		
Profit for the financial year	3,157,651	1,959,391
<b>Adjustments for:</b>		
Depreciation of tangible assets	892,202	592,188
Interest paid	137,577	79,569
Interest received	(314,812)	(118,420)
(Increase) in trade and other debtors	(196,500)	(240,471)
(Increase) in stocks	(162,658)	(134,241)
(Decrease) in trade creditors	(190,759)	(106,928)
Movement in Arpal Gulf Employee benefit provision	83,706	104,335
Defined benefit pension contributions paid	(142,000)	(97,000)
Financial assets through the P&L	(83,474)	24,788
Revaluation of property	-	(168,853)
Currency movement	(149,447)	266,957
Cash from operations	3,031,486	2,161,935
Income taxes paid	(300,864)	(122,640)
<b>Net cash generated from operating activities</b>	<b>2,730,622</b>	<b>2,038,675</b>
<b>Cash flows from investing activities</b>		
Sale of investments	351,021	-
Purchases of tangible assets	(826,737)	(522,522)
Purchases of investments	(899,604)	(855,940)
<b>Net cash from investing activities</b>	<b>(1,375,320)</b>	<b>(1,378,462)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(26,577)	(21,569)
Interest received	293,423	145,694
Dividends paid	(234,295)	(206,730)
<b>Net cash generated from (used in) financing activities</b>	<b>32,551</b>	<b>(82,605)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,387,853</b>	<b>577,608</b>
Foreign exchange translation adjustment	(35,388)	211,780
<b>Cash and cash equivalents at 1 July</b>	<b>3,140,759</b>	<b>2,351,371</b>
<b>Cash and cash equivalents at period end</b>	<b>4,493,224</b>	<b>3,140,759</b>

**Adam Investment Company Limited****Consolidated financial statements for the period ended 30 November 2017****Consolidated statement of changes in equity**

	Called-up share capital £ '000	Share premium account £ '000	Revaluation reserve £ '000	Profit and loss account £ '000	Total £ '000
At 1 July 2015	624	1,321,966	552,798	3,969,100	5,844,488
Restatement			128,889		128,889
Profit for the year	-	-	-	1,821,619	1,821,619
Other comprehensive income	-	-	-	(951,300)	(951,300)
Foreign exchange translation difference	-	-	127,044	552,057	679,101
Movement in revaluation reserve			(85,883)	85,883	-
Total comprehensive income for the year	-	-	41,161	1,508,259	1,549,420
Issue of shares	-	-	-	-	-
Dividends paid	-	-	-	(206,730)	(206,730)
At 30 June 2016	624	1,321,966	722,848	5,270,629	7,316,067
Reallocation	-	-	168,853	(168,853)	-
Profit for the period	-	-	-	2,848,943	2,848,943
Other comprehensive income	-	-	-	(475,040)	(475,040)
Foreign exchange translation difference	-	-	(16,652)	(177,775)	(194,427)
Depreciation			(147,286)	147,286	-
Total comprehensive income for the year	-	-	4,915	2,174,561	2,179,476
Issue of shares	-	-	-	-	-
Dividends paid	-	-	-	(234,295)	(234,295)
At 30 November 2017	624	1,321,966	727,763	7,210,895	9,261,248

**The accompanying accounting policies and notes form part of these financial statements.**

**Adam Investment Company Limited**  
**Consolidated financial statements for the period ended 30 November 2017**

## Company statement of changes in equity

	Called-up share capital	Share premium account	Profit and loss account	Total
	£ '000	£ '000	£ '000	£ '000
<b>At 1 July 2015</b>	<b>624</b>	<b>1,321,966</b>	<b>2,154,470</b>	<b>3,477,060</b>
Profit and total comprehensive income for the year	-	-	907,113	907,113
Issue of shares	-	-	-	-
Dividends paid	-	-	(206,730)	(206,730)
<b>At 30 June 2016</b>	<b>624</b>	<b>1,321,966</b>	<b>2,854,853</b>	<b>4,177,443</b>
Profit and total comprehensive income for the period	-	-	1,187,145	1,187,145
Issue of shares	-	-	-	-
Dividends paid	-	-	(234,295)	(234,295)
<b>At 30 November 2017</b>	<b>624</b>	<b>1,321,966</b>	<b>3,807,703</b>	<b>5,130,293</b>

**The accompanying accounting policies and notes form part of these financial statements.**



# Notes to the financial statements

## 1 Company information

Adam Investment Company Limited is a private limited company, incorporated in Scotland, with the registered office being Arpal Works, Riverside Road, Selkirk, TD7 5DU.

Disclosure of the entity's principal activities and nature of operations can be found within the Strategic Report (page 5).

## 2 Basis of preparation

These 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 statements consolidate the financial statements of Adam Investment Company Limited and all its subsidiary undertakings drawn up to 30 November 2017.

The individual accounts of Adam Investment Company 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.

### 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.

## 3 Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

### Defined Benefit Pension Scheme

The deficit on the defined pension benefit scheme is included in the statement of financial position in line with FRS 102. The deficit has been arrived at by obtaining a valuation from the Scheme Actuary.

### Fair value of investment in Adam Family Assets LLP

The value of the investment in Adam Family Assets LLP is calculated in line with the fair value of the underlying assets in Adam Family Assets LLP. This includes property which is valued by an appropriately qualified individual.

## Notes to the financial statements

### **4 Principal accounting policies**

#### **4.1 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.

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

#### **4.2 Tangible assets**

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are:

- Freehold property - 5%
- Plant & Machinery - 12.5% to 33.33%
- Fixtures & Fittings - 12.5%
- Motor Vehicles - 25%
- Computer equipment - 12.5% to 33.33%

#### **4.3 Investments**

Investments comprise investments in unquoted equity instruments which are measured at fair value. Changes in fair value are recognised in profit or loss. Fair value is estimated by using a valuation technique.

#### **4.4 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 the Income Statement.

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 the Income Statement.

## Notes to the financial statements

### 4.5 Research and development expenditure

Expenditure on research and development is written off to the consolidated statement of comprehensive income as it is incurred.

### 4.6 Stocks

Stock are stated at the lower of cost, using the first in first out method, and selling price less costs to complete and sell.

### 4.7 Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

### 4.8 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.

### 4.9 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.

### 4.10 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. 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 the Income Statement 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.

## Notes to the financial statements

### 4.11 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.

### 4.12 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 at the dates of the transactions, or at an average rate where this rate approximates the actual rate at 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 the Income Statement 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.

#### **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 the Income Statement.

## Notes to the financial statements

### 4.13 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 timing 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.

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 the Income Statement, 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.

### 4.14 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services.

#### 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.

## Notes to the financial statements

### 4.15 Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

### 4.16 Pension costs and other post-retirement benefits

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

## 5 Turnover

An analysis of turnover by geographical area is given below:

	17 month period 2017 £	12 month period 2016 £
United Kingdom	14,812,458	9,685,037
Overseas	7,504,792	5,011,469
	<u>22,317,250</u>	<u>14,696,506</u>

## Notes to the financial statements

### 6 Other operating charges

	17 month period 2017 £	12 month period 2016 £
Selling and distribution expenses	6,465,029	4,167,664
Administrative expenses	3,552,897	2,609,818
	<u>10,017,926</u>	<u>6,777,482</u>

### 7 Profit on ordinary activities before tax

The profit on ordinary activities before taxation is stated after:

	17 month period 2017 £	12 month period 2016 £
Depreciation of fixed assets	892,202	592,188
Auditor's remuneration – audit fees	36,700	26,400
Auditor's remuneration – tax compliance fees	6,550	5,050
Revaluation of Property – (gain)	-	(168,853)
Change in fair value of investments – (gain)/loss	(83,474)	24,778
Operating lease costs:		
Plant and equipment	<u>468,644</u>	<u>298,189</u>

### 8 Directors and employees

Staff costs during the period were as follows:

	17 month period 2017 £	12 month period 2016 £
Wages and salaries	5,293,516	3,720,332
Social security costs	339,541	199,429
Other pension costs	262,324	200,043
	<u>5,753,381</u>	<u>4,119,804</u>

Other pension costs are amounts charged to operating profit and do not include amounts charged to finance costs (see note 9) and amounts recognised in the statement of comprehensive income.

## Notes to the financial statements

### 8 Directors and employees (continued)

The average number of employees of the group during the period was:

	17 month period 2017 No	12 month period 2016 No
Number of production staff	36	31
Number of sales and distribution staff	44	43
Number of administration staff	36	37
	<u>116</u>	<u>111</u>

Remuneration in respect of directors was as follows:

	17 month period 2017 £	12 month period 2016 £
Emoluments	446,941	285,418
Value of company pension contributions to money purchase schemes	29,492	20,035
	<u>404,077</u>	<u>305,453</u>

During the year 1 director (2016: 1) participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	17 month period 2017 £	12 month period 2016 £
Total emoluments (excluding pension contributions)	<u>218,407</u>	<u>123,733</u>

### 9 Interest payable and similar charges

	17 month period 2017 £	12 month period 2016 £
Interest payable on bank borrowings and similar charges	26,577	21,569
Net finance costs in respect of defined benefit pension scheme	111,000	58,000
	<u>137,577</u>	<u>79,569</u>



## Notes to the financial statements

### 10 Tax on profit on ordinary activities

The tax charge is based on the profit for the period and represents:

	17 month period 2017 £	12 month period 2016 £
UK Corporation tax	322,727	134,693
Adjustments in respect of prior periods	(5,564)	(396)
Double taxation relief	5,564	(3,829)
Total current tax	322,727	130,468
Deferred tax:		
Origination and reversal of timing differences	(7,987)	17,747
Change in rate	(6,032)	(10,091)
Adjustment in respect of previous period	-	(352)
Tax on results on ordinary activities	308,708	137,772

The tax assessed for the period is lower than the standard rate of corporation tax in the United Kingdom at 19.53% (2016: 20%). The differences are explained as follows:

	17 month period 2017 £	12 month period 2016 £
Profit on ordinary activities before taxation	3,157,651	1,959,391
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 19.53% (2016: 20%)	616,662	391,878
Items not deductible for tax purposes	14,250	(59,598)
Fixed asset permanent differences	1,547	3,800
Other permanent differences	-	766
DTR adjustments	1,087	(3,829)
Income not taxable for tax purposes	(319,829)	(182,433)
Differences in tax rates	(5,009)	(12,064)
Adjustments to tax charge in respect of previous periods – deferred tax	-	(352)
Adjustments in respect of prior periods	-	(396)
Tax on results on ordinary activities	308,708	137,772

A reduction in the corporation tax rate to 17% will take effect from 1 April 2020 and has been substantively enacted in Finance Act 2016 on 15 September 2016. The recognised deferred tax balances have been remeasured at 17%.

### 11 Dividends

	17 month period 2017 £'000	12 month period 2016 £'000
Paid during the period	234,295	206,730

## Notes to the financial statements

### 12 Tangible fixed assets

#### The Group

	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Office Equipment £	Total £
Cost or valuation						
At 1 July 2016	2,608,088	4,267,531	133,373	40,959	545,745	7,595,696
Additions	-	718,878	8,579	-	99,280	826,737
Disposals	(965,453)	(65,275)	-	-	(259,590)	(1,290,318)
Exchange movement	(30,664)	(4,806)	-	-	(2,632)	(38,102)
<b>At 30 November 2017</b>	<b>1,611,971</b>	<b>4,916,328</b>	<b>141,952</b>	<b>40,959</b>	<b>382,803</b>	<b>7,094,013</b>
Depreciation						
At 1 July 2016	877,477	3,316,238	111,986	40,959	423,843	4,770,503
Charge for the period	177,578	607,579	11,657	-	95,388	892,202
On disposals	(269,917)	(65,275)	-	-	(259,590)	(594,782)
Exchange movement	(11,489)	(3,835)	-	-	(1,596)	(16,920)
<b>At 30 November 2017</b>	<b>773,649</b>	<b>3,854,707</b>	<b>123,643</b>	<b>40,959</b>	<b>258,045</b>	<b>5,051,003</b>
Net book value						
<b>At 30 November 2017</b>	<b>838,322</b>	<b>1,061,621</b>	<b>18,309</b>	<b>-</b>	<b>124,758</b>	<b>2,043,010</b>
At 30 June 2016	1,730,611	951,293	21,387	-	121,902	2,825,193

#### The Company

	Freehold Property £	Motor Vehicles £	Total £
Cost			
At 1 July 2016	965,453	40,959	1,006,412
Disposals	(965,453)	-	(965,453)
<b>At 30 November 2017</b>	<b>-</b>	<b>40,959</b>	<b>40,959</b>
Depreciation			
At 1 July 2016	262,000	40,959	302,959
Charge for the period	7,917	-	7,917
Disposals	(269,917)	-	(269,917)
<b>At 30 November 2017</b>	<b>-</b>	<b>40,959</b>	<b>40,959</b>
Net book value			
<b>At 30 November 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>
At 30 June 2016	703,453	-	703,453

## Notes to the financial statements

### 13 Investments

Total fixed asset investments comprise:

Group	Unlisted Investments £	Listed Investments £	Total £
Cost			
At 1 July 2016	2,177,832	242,679	2,420,601
Additions during the period	1,595,140	-	1,595,140
Revaluation	-	83,474	83,474
Foreign exchange	-	24,868	24,868
Disposal	-	(351,021)	(351,021)
At 30 November 2017	<u>3,772,972</u>	<u>-</u>	<u>3,772,972</u>

Unlisted investments represent investment in Adam Family Assets LLP. The directors are satisfied that the investment is correctly valued at cost at 30 November 2017 as on 4 December 2017 the full amount was returned to Adam Investment Company Limited from Adam Family Assets LLP due to the change of control which occurred post period end.

### Interests in subsidiaries

At 30 November 2017 the group and the company had interests in the following subsidiaries:

	Country registration	Class of share held	Proportion of capital held	Nature of business	Address
Directly:					
R P Adam Limited	Scotland	Ordinary	100%	Manufacture and distribution of maintenance chemicals	Arpal Works, Riverside Road, Selkirk, TD7 5DU
As subsidiary of R P Adam Limited:					
Arpal Gulf LLC	United Arab Emirates	Ordinary	100%	Manufacture and distribution of maintenance chemicals	Warehouse No 61, Jebel Ali Industrial 3, PO Box 123053, Dubai

The subsidiary company Arpal Gulf LLC has a 49.96% in Arpal Kimyasal Urunier TIC A.S. Turkey which is carried at nil value after a provision for diminution in value.

## Notes to the financial statements

### 13 Investments (continued)

Company	Listed Investments £	Unlisted Investments £	Total £
Cost			
At 1 July 2016	-	3,335,441	3,335,441
Additions during the period	-	1,595,140	1,595,140
Fair value re-measurement	-	86,000	86,000
At 30 November 2017	-	<u>5,016,581</u>	<u>5,016,581</u>

### Other fixed asset investments

#### The group and company

	Country registration	Class of share held	of capital Proportion held	Nature of business
Adam Family Assets LLP	Scotland	Ordinary	88%	Investment

In the opinion of the directors, the group does not exercise dominant influence over Adam Family Assets operating and financial policies and therefore does not regard Adam Family Assets LLP as a subsidiary.

### 14 Stocks

	The Group 2017 £	2016 £	The Company 2017 £	2016 £
Raw materials	720,772	596,875	-	-
Work in progress	28,444	34,588	-	-
Finished goods	819,154	774,249	-	-
	<u>1,568,370</u>	<u>1,405,712</u>	<u>-</u>	<u>-</u>

Stock recognised in cost of sales during the period as an expense was £9,648,070 (2016: £6,756,614).

## Notes to the financial statements

### 15 Debtors

	The Group 2017 £	2016 £	The Company 2017 £	2016 £
Trade debtors	3,237,487	2,976,922	-	-
Amounts owed by group undertakings	-	-	20,026	16,000
Other debtors	123,803	92,017	87,134	49,177
Prepayments and accrued income	182,798	278,649	-	-
	<u>3,544,088</u>	<u>3,347,588</u>	<u>107,160</u>	<u>65,177</u>

	The Group 2017 £	2016 £	The Company 2017 £	2016 £
Deferred tax asset in relation to pension scheme liability	536,860	477,900	-	-
	<u>536,860</u>	<u>477,900</u>	<u>-</u>	<u>-</u>

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

	The Group 2017 £	2016 £	The Company 2017 £	2016 £
Trade creditors	2,153,633	1,850,872	-	-
Corporation tax	132,167	110,317	-	9,421
Other taxation and social security	134,890	217,301	-	-
Accruals and deferred income	510,146	921,255	5	6,045
	<u>2,930,836</u>	<u>3,099,745</u>	<u>5</u>	<u>15,466</u>

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

	The Group 2017 £	2016 £	The Company 2017 £	2016 £
Provision for Arpal Gulf LLC employment gratuity	513,891	438,374	-	-
	<u>513,891</u>	<u>438,374</u>	<u>-</u>	<u>-</u>

## Notes to the financial statements

### 18 Deferred taxation

Deferred taxation provided for at 17% (2016: 18%) in the financial statements is set out below:

#### The Group

	2017	2016
	£	£
Provision brought forward	108,567	101,263
Profit and loss account movement arising during the period	(14,019)	7,304
Provision carried forward	<u>94,548</u>	<u>108,567</u>

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

	2017	2016
	£	£
Excess of taxation allowances over depreciation on fixed assets	105,977	119,778
Other timing differences	(11,429)	(11,211)
	<u>94,548</u>	<u>108,567</u>

#### The Company

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

	The Company	
	2017	2016
	£	£
Provision brought forward	(1,689)	(2,289)
Profit and loss account movement arising during the period	479	600
Provision carried forward	<u>(1,210)</u>	<u>(1,689)</u>

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

	2017	2016
	£	£
Other timing differences	(1,210)	(1,689)
	<u>(1,210)</u>	<u>(1,689)</u>

## Notes to the financial statements

### 19 Pensions and other post-retirement benefits

#### Defined Benefit Scheme

The subsidiary company R P Adam Limited operates a defined benefit pension scheme for the benefit of certain employees, contributions to which are determined by a qualified actuary. The assets of the scheme are administered by trustees in a fund independent of the company. Costs and liabilities of the scheme are based on actuarial valuations.

This scheme closed to future benefit accrual from 5 April 2016.

The directors have obtained the information required under FRS 102 Section 28, as detailed below, from the scheme's actuary based on an update of the most recent actuarial valuation completed as at 31 March 2017.

The principal actuarial assumptions used by the actuaries were as follows:

	2017	2016
		%
Discount rate	2.74	3.05
Future salary increases	3.4	3.0
Future pension increases	2	2.2
Inflation assumption	2.3	2.2
Mortality – post retirement rate base table	100% of S2PxA	100% of S1PxA_H, 1 year age rating
Mortality – post retirement future improvement	CMI 2016 [1.0%]	CMI 2012 [1/25%]

The amounts charged in the profit or loss account are as follows:

	2017	2016
	£	£
Interest on obligation	307,000	234,000
Interest income	(196,000)	(176,000)
Total	<u>111,000</u>	<u>58,000</u>

The amounts recognised in the balance sheet are as follows:

	2017	2016
	£	£
Fair value of plan assets	4,768,000	4,567,000
Present value of funded retirement benefit obligations	<u>(7,926,000)</u>	<u>(7,222,000)</u>
	(3,158,000)	(2,655,000)
Defined benefit pension scheme liability	<u>(3,158,000)</u>	<u>(2,655,000)</u>

## Notes to the financial statements

### 19. Pensions and other post-retirement benefits (continued)

The major categories of plan assets, as a percentage of the total plan assets and their expected long term rates of return, are as follows:

	% of fund	% of fund
Equities	74	71
Gilts and Bonds	25	24
Cash	1	5
Overall	<u>100</u>	<u>100</u>

Changes in the present value of the Scheme's assets over the year is analysed below:

	2017 £	2016 £
Opening fair value of scheme assets at 1 July 2016	4,567,000	4,676,000
Expected return	196,000	176,000
Contribution by employer	142,000	97,000
Contribution by members	-	-
Benefits paid	(324,000)	(200,000)
Actuarial gains/(losses)	<u>187,000</u>	<u>(182,000)</u>
Closing fair value of scheme assets at 30 November 2017	<u>4,768,000</u>	<u>4,567,000</u>

Changes in the present value of the Scheme's liabilities over the year is as follows:

	2017 £	2016 £
Opening defined benefit obligation at 1 July 2016	7,222,000	6,257,000
Current service cost	-	-
Interest cost	307,000	234,000
Actuarial loss	721,000	931,000
Contributions by plan participants	-	-
Benefits paid	<u>(324,000)</u>	<u>(200,000)</u>
Closing defined benefit obligation at 30 November 2017	<u>7,926,000</u>	<u>7,222,000</u>



## Notes to the financial statements

### 19. Pensions and other post-retirement benefits (continued)

Amounts for the current and previous four periods are as follows:

	2017	2016	2015	2014	2013
	£	£	£	£	£
Fair value of plan assets at period end	4,768,000	4,567,000	4,676,000	4,414,000	4,199,000
Present value of defined benefit obligation at period end	7,926,000	7,222,000	6,257,000	5,844,000	5,350,000
Deficit in the plan	(3,158,000)	(2,655,000)	(1,581,000)	(1,430,000)	(1,151,000)
Experience adjustments on scheme liabilities	(721,000)	(931,000)	(443,000)	(416,000)	179,000
Experience adjustments on scheme assets	187,000	(182,000)	13,000	4,000	196,000

The Plan is a funded defined benefit plan, providing retirement benefits based on pensionable service and pensionable salary. The Plan is closed to future accrual.

The most recent actuarial valuation at 31 March 2017 showed a deficit of £2,912,000. RP Adam Limited has agreed with the Trustees that it will aim to eliminate the deficit by June 2027 by the payment of contributions of £299,600 p.a. from April 2018, increasing by 3% p.a. each April. In addition, RP Adam Limited has agreed that it will continue to meet the ongoing expenses of the Plan and levies to the Pension Protection Fund. Prior to April 2018, contributions towards the deficit were based on the previous valuation at 31 March 2014. The contributions payable from 1 June 2015 were initially £96,300 p.a. increasing by 2.5% p.a. each April. Based on the above, employer contributions to the Plan for the next financial year are estimated to be £217,000.

The FRS 102 valuation has been based on a full assessment of the liabilities of the Plan as at 31 March 2017. The present value of the defined benefit obligations was measured using the projected unit credit method.

Actuarial gains and losses have been recognised in the period in which they occur, (but outside the profit and loss account), through the Other Comprehensive Income.

## Notes to the financial statements

### 20 Called up share capital

Allotted, called up and fully paid:

	No	2017 £	No	2016 £
A Ordinary shares of 10p each	5,180	518	5,180	518
B Ordinary shares of 10p each	480	48	480	48
C Ordinary shares of 10p each	580	58	580	58

The A & B Ordinary shares rank pari passu in all respects except as otherwise provided in the Articles.

#### Share options

On 18 August 2010 the Company issued Share options under an Enterprise Management Incentive Plan as follows:

580 C Ordinary shares at an exercise price of £137

328 D Ordinary shares at an exercise price of £110

### 21 Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account – includes all current and prior period retained profits and losses.

Revaluation reserve – includes historic gains and losses on revaluation of property which now flow through income statement under FRS 102.

### 22 Capital commitments

The group had capital commitments for plant and machinery of £Nil (2016: £Nil).

## Notes to the financial statements

### 23 Leasing commitment

The group's future minimum operating lease payments are as follows:

	Land and buildings		Other	
	2017	2016	2017	2016
	£	£	£	£
<b>Expiry date:</b>				
Within 1 year	311,919	144,829	196,121	74,044
Between 2 and 5 years	978,794	-	278,771	60,924
After more than 5 years	1,120,446	-	-	-
	<u>2,411,159</u>	<u>144,829</u>	<u>474,892</u>	<u>134,968</u>

### 24 Transactions with related parties

The directors have taken advantage of the exemption offered by FRS 102 Section 33 not to disclose transactions with wholly-owned subsidiaries.

During the period Adam Investment Company Limited invested capital of £1,595,140 (2016: £855,940) in Adam Family Assets LLP whose members are the Company and G. F. Adam, a director of the Company. The invested capital included the transfer of the factory site in Selkirk. The property was transferred at £695,536 which was the net book value of the asset at the time of the transfer.

At the period-end G. F. Adam, a director of the Company, was owed £Nil by the Company (2016: £30,283). At the period-end R. H. Leith, a director of the company, has a loan balance outstanding due the Company of £79,460 (2016: 79,460).

There are no other related party transactions requiring disclosure in accordance with FRS 102 Section 33 (Related Party Disclosures).

At period end, the ultimate controlling party of the group is G F Adam as a result of his interest in the issued share capital. On 4 December 2017, the entire share capital of Adam Investment Company Limited was acquired by Ecolab Inc, a company registered in the United States of America.

Key management personnel compensation totalled £656,455 (2016: £546,165).

Rental of £97,010 was paid to Adam Family Investments LLP in the period.

## Notes to the financial statements

### **25 Financial assets and liabilities**

Group	2017 £'000	2016 £'000
Financial assets measured at fair value through profit or loss	<u>3,772,972</u>	<u>2,420,601</u>
Financial assets measured at amortised cost	<u>3,361,290</u>	<u>3,347,588</u>
Financial liabilities measured at amortised cost	<u>2,798,669</u>	<u>2,989,428</u>

The fair value of unquoted investments is valued using the underlying fair value of the assets in Adam Family Assets LLP. This includes a listed stock portfolio and property which is valued by an appropriately qualified individual.

### **26 Post balance sheet events**

On 4 December 2017, the entire share capital of Adam Investment Company Limited was acquired by Ecolab Inc, a company registered in the United States of America.