

financial statements

Maldon Crystal Salt Co Ltd

For the year ended: 31 December 2016

Company registration number: 00214494



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MALDON CRYSTAL SALT COMPANY LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--|
| Directors | Mr S.J. Osborne Mr D.C. Coubrough Mr C.C. Osborne Mrs S.C.A. Phillips Ms. L.M. Coubrough Mr M.N. Soudah |
| Company secretary | Mr D.C. Coubrough |
| Registered number | 00214494 |
| Registered office | Wycke Hill Business Park Maldon Essex CM9 6UZ |

MALDON CRYSTAL SALT COMPANY LIMITED

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MALDON CRYSTAL SALT COMPANY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2016.

Business review

The results for 2016 were encouraging considering the economic climate and in particular the increases in production costs. The company maintains strong internal and external contacts with customers, suppliers and the employees. The directors remain focussed on producing and marketing leading specialist brands in packaged salt, distributing in both the UK and overseas markets. The directors remain optimistic of the continued success of the business which will be driven by maintaining a high quality product and expansion of both the domestic and export markets. This will be achieved by remaining true to the business' core values. The directors are of the opinion that the company is in a strong position to meet any challenges in the future.


Principal risks and uncertainties

The directors remain alert to the risks prevalent in a commercial environment and continue to take steps to minimise and mitigate these risks.

Financial key performance indicators

The directors continue to use both financial and non financial key performance indicators to manage the business. The business maintains a strong management information function which focuses on regular and accurate reporting.

This report was approved by the board on 8 March 2017 and signed on its behalf.


Mr D.C. Coubrough
Secretary

MALDON CRYSTAL SALT COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 Company 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 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity continued to be that of the manufacture, merchandising, packaging and distribution of salt.

Results and dividends

The profit for the year, after taxation, amounted to £4,885,674 (2015 - £5,625,040).

Dividends in the year amounted to £6,043,434 (2015 - £7,259,700).

Directors

The directors who served during the year were:

Mr S.J. Osborne
Mr D.C. Coubrough
Mr C.C. Osborne
Mrs S.C.A. Phillips
Ms. L.M. Coubrough
Mr M.N. Soudah

MALDON CRYSTAL SALT COMPANY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

DISCLOSURE OF INFORMATION TO AUDITORS

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

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


POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 8 March 2017 and signed on its behalf.


Mr D.C. Coubrough
Secretary

MALDON CRYSTAL SALT COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MALDON CRYSTAL SALT COMPANY LIMITED

We have audited the financial statements of Maldon Crystal Salt Company Limited for the year ended 31 December 2016, set out on pages 6 to 27. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit or loss 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.

MALDON CRYSTAL SALT COMPANY LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MALDON CRYSTAL SALT
COMPANY LIMITED (CONTINUED)**

Opinion on other matter 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Mike Kay BSc ACA CF (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Boundary House
4 County Place
Chelmsford
Essex
CM2 0RE

20 March 2017

MALDON CRYSTAL SALT COMPANY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

| | Note | 2016 £ | 2015 £ |
|--|------|-------------------|-------------------|
| Turnover | 4 | 15,665,669 | 14,584,966 |
| Cost of sales | | (3,182,129) | (2,874,899) |
| Gross profit | | 12,483,540 | 11,710,067 |
| Distribution costs | | (1,359,457) | (927,470) |
| Administrative expenses | | (4,926,625) | (3,785,578) |
| Operating profit | 5 | 6,197,458 | 6,997,019 |
| Interest receivable and similar income | 8 | 11,327 | 6,294 |
| Interest payable and expenses | 9 | (73,149) | - |
| Profit before tax | | 6,135,636 | 7,003,313 |
| Tax on profit | 10 | (1,249,962) | (1,378,273) |
| Profit for the year | | 4,885,674 | 5,625,040 |

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2016 (2015:£NIL).

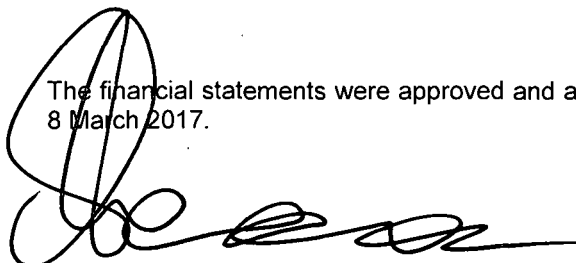
The notes on pages 11 to 27 form part of these financial statements.


MALDON CRYSTAL SALT COMPANY LIMITED
REGISTERED NUMBER:00214494

BALANCE SHEET
AS AT 31 DECEMBER 2016

| | Note | 2016 £ | 2015 £ |
|---|------|-------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 12 | 6,647,821 | 5,203,131 |
| Investments | 13 | 25 | 25 |
| | | <u>6,647,846</u> | <u>5,203,156</u> |
| Current assets | | | |
| Stocks | 14 | 577,451 | 405,550 |
| Debtors: amounts falling due within one year | 15 | 2,558,300 | 3,806,718 |
| Cash at bank and in hand | 16 | 3,813,693 | 1,564,656 |
| | | <u>6,949,444</u> | <u>5,776,924</u> |
| Creditors: amounts falling due within one year | 17 | (3,560,447) | (2,328,016) |
| Net current assets | | <u>3,388,997</u> | <u>3,448,908</u> |
| Total assets less current liabilities | | <u>10,036,843</u> | <u>8,652,064</u> |
| Creditors: amounts falling due after more than one year | | (2,516,956) | - |
| Provisions for liabilities | | | |
| Deferred tax | 21 | (460,748) | (435,165) |
| | | <u>(460,748)</u> | <u>(435,165)</u> |
| Net assets | | <u>7,059,139</u> | <u>8,216,899</u> |
| Capital and reserves | | | |
| Called up share capital | 22 | 13,971 | 13,971 |
| Share premium account | 23 | 1,205,207 | 1,205,207 |
| Profit and loss account | 23 | 5,839,961 | 6,997,721 |
| | | <u>7,059,139</u> | <u>8,216,899</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 March 2017.


Mr S J Osborne
 Director


Mr D C Coubrough
 Director

MALDON CRYSTAL SALT COMPANY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|--|----------------------------|-----------------------------|----------------------------|------------------|
| | £ | £ | £ | £ |
| At 1 January 2016 | 13,971 | 1,205,207 | 6,997,721 | 8,216,899 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 4,885,674 | 4,885,674 |
| Total comprehensive income for the year | - | - | 4,885,674 | 4,885,674 |
| Dividends: Equity capital | - | - | (6,043,434) | (6,043,434) |
| Total transactions with owners | - | - | (6,043,434) | (6,043,434) |
| At 31 December 2016 | 13,971 | 1,205,207 | 5,839,961 | 7,059,139 |

MALDON CRYSTAL SALT COMPANY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|--|----------------------------|-----------------------------|----------------------------|------------------|
| | £ | £ | £ | £ |
| At 1 January 2015 | 12,936 | 6,242 | 8,632,381 | 8,651,559 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 5,625,040 | 5,625,040 |
| Total comprehensive income for the year | - | - | 5,625,040 | 5,625,040 |
| Dividends: Equity capital | - | - | (7,259,700) | (7,259,700) |
| Shares issued during the year | 1,035 | 1,198,965 | - | 1,200,000 |
| Total transactions with owners | 1,035 | 1,198,965 | (7,259,700) | (6,059,700) |
| At 31 December 2015 | 13,971 | 1,205,207 | 6,997,721 | 8,216,899 |

The notes on pages 11 to 27 form part of these financial statements.

MALDON CRYSTAL SALT COMPANY LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016**

| | 2016 £ | 2015 £ |
|---|--------------------|--------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 4,885,674 | 5,625,040 |
| Adjustments for: | | |
| Depreciation of tangible assets | 377,729 | 280,704 |
| Loss on disposal of tangible assets | 3,597 | (4,963) |
| Interest paid | 73,149 | - |
| Interest received | (11,327) | (6,294) |
| Taxation charge | 1,249,962 | 1,378,273 |
| (Increase)/decrease in stocks | (171,901) | 128,869 |
| Decrease/(increase) in debtors | 1,195,529 | (1,761,740) |
| Decrease/(increase) in amounts owed by associates | 52,888 | (2,724) |
| Increase in creditors | 769,050 | 120,939 |
| Corporation tax (paid) | (1,542,800) | (895,962) |
| Net cash generated from operating activities | 6,881,550 | 4,862,142 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (1,852,875) | (1,588,018) |
| Sale of tangible fixed assets | 26,858 | - |
| Interest received | 11,327 | 6,294 |
| Net cash from investing activities | (1,814,690) | (1,581,724) |
| Cash flows from financing activities | | |
| Issue of ordinary shares | - | 1,200,000 |
| New secured loans | 4,000,000 | - |
| Repayment of loans | (701,240) | - |
| Dividends paid | (6,043,434) | (7,259,700) |
| Interest paid | (73,149) | - |
| Net cash used in financing activities | (2,817,823) | (6,059,700) |
| Net increase/(decrease) in cash and cash equivalents | 2,249,037 | (2,779,282) |
| Cash and cash equivalents at beginning of year | 1,564,656 | 4,343,938 |
| Cash and cash equivalents at the end of year | 3,813,693 | 1,564,656 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 3,813,693 | 1,564,656 |
| | 3,813,693 | 1,564,656 |

The notes on pages 11 to 27 form part of these financial statements.

MALDON CRYSTAL SALT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

Maldon Crystal Salt is a private limited company, registered in England and Wales. The registered office is Wycke Hill Business Park, Maldon, Essex, CM9 6UZ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical costs convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies.

2.2 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Tangible fixed assets

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

MALDON CRYSTAL SALT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

| | |
|---------------------------|--------------------------|
| Freehold property | - 3% - 5% straight line |
| Fixtures and fittings | - 3% - 25% straight line |
| Assets under construction | - None |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administration expenses' in the Statement of Comprehensive Income.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

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

2.7 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.

MALDON CRYSTAL SALT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured at cost less impairment for all unlisted investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

MALDON CRYSTAL SALT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.10 Creditors

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

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is British Pounds.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

MALDON CRYSTAL SALT COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)**2.15 Pensions****Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.17 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

MALDON CRYSTAL SALT COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)**2.19 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are set out below:

3.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. This is when the company has transferred the significant risks and rewards of ownership to the buyer. Although this is not considered to be a complex judgment for the Company, revenue recognition is still considered to be a critical accounting policy.

MALDON CRYSTAL SALT COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

4. Turnover

An analysis of turnover by class of business is as follows:

| | 2016 £ | 2015 £ |
|----------|-------------------|-------------------|
| Turnover | 15,665,669 | 14,584,966 |
| | <u>15,665,669</u> | <u>14,584,966</u> |

Analysis of turnover by country of destination:

| | 2016 £ | 2015 £ |
|-------------------|-------------------|-------------------|
| United Kingdom | 7,328,419 | 6,675,280 |
| Rest of the world | 8,337,250 | 7,909,686 |
| | <u>15,665,669</u> | <u>14,584,966</u> |

5. Operating profit

The operating profit is stated after charging:

| | 2016 £ | 2015 £ |
|---|----------------|----------------|
| Depreciation of tangible fixed assets | 377,729 | 280,704 |
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | 10,750 | 10,500 |
| Exchange differences | (13,870) | 10,432 |
| Other operating lease rentals | 30,000 | 30,000 |
| Defined contribution pension cost | 7,901 | 5,000 |
| | <u>377,729</u> | <u>280,704</u> |

MALDON CRYSTAL SALT COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

6. Employees

Staff costs, including directors' remuneration, were as follows:

| | 2016 £ | 2015 £ |
|-------------------------------------|------------------|------------------|
| Wages and salaries | 3,536,897 | 2,947,619 |
| Social security costs | 435,259 | 366,140 |
| Cost of defined contribution scheme | 7,901 | 5,000 |
| | <u>3,980,057</u> | <u>3,318,759</u> |

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

| | 2016 No. | 2015 No. |
|--|-------------|-------------|
| | <u>32</u> | <u>26</u> |

7. Directors' remuneration

| | 2016 £ | 2015 £ |
|-----------------------|------------------|------------------|
| Directors' emoluments | 2,598,248 | 2,229,217 |
| | <u>2,598,248</u> | <u>2,229,217</u> |

The highest paid director received remuneration of £2,576,248 (2015 - £2,207,217).

8. Interest receivable

| | 2016 £ | 2015 £ |
|---------------------------|---------------|--------------|
| Other interest receivable | 11,327 | 6,294 |
| | <u>11,327</u> | <u>6,294</u> |

MALDON CRYSTAL SALT COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. Interest payable and similar charges

| | 2016 £ | 2015 £ |
|-----------------------------|---------------|-----------|
| Other loan interest payable | 73,149 | - |
| | <u>73,149</u> | <u>-</u> |

10. Taxation

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Corporation tax | | |
| Current tax on profits for the year | 1,224,379 | 1,365,950 |
| | <u>1,224,379</u> | <u>1,365,950</u> |
| Total current tax | <u>1,224,379</u> | <u>1,365,950</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 50,962 | 12,323 |
| Changes to tax rates | (25,379) | - |
| Total deferred tax | <u>25,583</u> | <u>12,323</u> |
| Taxation on profit on ordinary activities | <u>1,249,962</u> | <u>1,378,273</u> |

MALDON CRYSTAL SALT COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%). The differences are explained below:

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Profit on ordinary activities before tax | <u>6,135,636</u> | <u>7,003,313</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 - 20.25%) | 1,227,127 | 1,417,931 |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 2,522 | 5,262 |
| Capital allowances for year in excess of depreciation | (5,270) | (57,143) |
| Fixed asset differences | 50,962 | 12,223 |
| Changes to tax rates | (25,379) | - |
| Total tax charge for the year | <u>1,249,962</u> | <u>1,378,273</u> |

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

| | 2016 £ | 2015 £ |
|----------------|------------------|------------------|
| Dividends paid | <u>6,043,434</u> | <u>7,259,700</u> |
| | <u>6,043,434</u> | <u>7,259,700</u> |

MALDON CRYSTAL SALT COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. Tangible fixed assets

| | Freehold property £ | Fixtures and fittings £ | Assets under construction £ | Total £ |
|---------------------------------------|---------------------------|-------------------------------|--------------------------------------|------------|
| Cost or valuation | | | | |
| At 1 January 2016 | 5,224,990 | 2,057,449 | 12,137 | 7,294,576 |
| Additions | - | 917,248 | 935,627 | 1,852,875 |
| Disposals | - | (332,574) | - | (332,574) |
| At 31 December 2016 | 5,224,990 | 2,642,123 | 947,764 | 8,814,877 |
| Depreciation | | | | |
| At 1 January 2016 | 939,027 | 1,152,419 | - | 2,091,446 |
| Charge for the period on owned assets | 27,896 | 349,833 | - | 377,729 |
| Disposals | - | (302,119) | - | (302,119) |
| At 31 December 2016 | 966,923 | 1,200,133 | - | 2,167,056 |
| Net book value | | | | |
| At 31 December 2016 | 4,258,067 | 1,441,990 | 947,764 | 6,647,821 |
| At 31 December 2015 | 4,285,963 | 905,030 | 12,137 | 5,203,130 |

MALDON CRYSTAL SALT COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

13. Fixed asset investments

| | Investments in associates £ |
|--------------------------|--------------------------------------|
| Cost or valuation | |
| At 1 January 2016 | 25 |
| At 31 December 2016 | 25 |
| Net book value | |
| At 31 December 2016 | 25 |
| At 31 December 2015 | 25 |

Participating interests

The company owns 25% of the issued share capital of QueenAsia Limited, a company incorporated in England and Wales.

14. Stocks

| | 2016 £ | 2015 £ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 577,451 | 405,550 |
| | 577,451 | 405,550 |

15. Debtors

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Trade debtors | 2,040,140 | 2,270,465 |
| Amounts owed by joint ventures and associated undertakings | 104,676 | 157,564 |
| Other debtors | - | 1,200,000 |
| Prepayments and accrued income | 53,421 | 23,015 |
| Tax recoverable | 360,063 | 155,674 |
| | 2,558,300 | 3,806,718 |

MALDON CRYSTAL SALT COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

16. Cash and cash equivalents

| | 2016 £ | 2015 £ |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | 3,813,693 | 1,564,656 |
| | <u>3,813,693</u> | <u>1,564,656</u> |

17. Creditors: Amounts falling due within one year

| | 2016 £ | 2015 £ |
|------------------------------------|------------------|------------------|
| Bank loans | 781,804 | - |
| Trade creditors | 1,024,030 | 591,750 |
| Corporation tax | 607,607 | 926,028 |
| Other taxation and social security | 38,814 | 39,294 |
| Other creditors | 5,720 | - |
| Accruals and deferred income | 1,102,472 | 770,941 |
| | <u>3,560,447</u> | <u>2,328,013</u> |

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

| | 2016 £ | 2015 £ |
|------------|------------------|-----------|
| Bank loans | 2,516,956 | - |
| | <u>2,516,956</u> | <u>-</u> |

Secured loans

During the year ended 31 December 2016, the company took out a bank loan of £4,000,000. The loan is secured against assets of the company, holds an interest rate of 1.75% over base and is repayable over a term of 60 months.

MALDON CRYSTAL SALT COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

19. Loans

Analysis of the maturity of loans is given below:

| | 2016 £ | 2015 £ |
|--|------------------|-----------|
| Amounts falling due within one year | | |
| Bank loans | 781,804 | - |
| | <u>781,804</u> | <u>-</u> |
| Amounts falling due 2-5 years | | |
| Bank loans | 2,516,956 | - |
| | <u>2,516,956</u> | <u>-</u> |
| | <u>3,298,760</u> | <u>-</u> |

20. Financial instruments

| | 2016 £ | 2015 £ |
|---|--------------------|--------------------|
| Financial assets | | |
| Financial assets that are debt instruments measured at amortised cost | 2,144,816 | 3,628,028 |
| | <u>2,144,816</u> | <u>3,628,028</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | (5,430,981) | (1,362,691) |
| | <u>(5,430,981)</u> | <u>(1,362,691)</u> |

Financial assets measured at fair value through profit or loss comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, other creditors and bank loans.

MALDON CRYSTAL SALT COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

21. Deferred taxation

| | 2016 £ |
|-------------------------------|------------------|
| At beginning of year | (435,165) |
| Charged to the profit or loss | (25,583) |
| At end of year | (460,748) |

The provision for deferred taxation is made up as follows:

| | 2016 £ |
|--------------------------------|------------------|
| Accelerated capital allowances | (460,748) |
| | (460,748) |

22. Share capital

| | 2016 £ | 2015 £ |
|---|---------------|---------------|
| Shares classified as equity | | |
| Allotted, called up and fully paid | | |
| 6,468 Ordinary A shares of £1 each | 6,468 | 6,468 |
| 6,468 Ordinary B shares of £1 each | 6,468 | 6,468 |
| 1,035 Ordinary C shares of £1 each | 1,035 | 1,035 |
| | 13,971 | 13,971 |

The 'A' and 'B' shares confer identical rights on the shareholders except with respect of the appointment and removal of directors. The Board of Directors consists of three 'A' Directors and three 'B' Directors. Appointment and removal of a class director is limited to the shareholders of the class only. The 'C' shares have no right to vote and accrue dividend rights subject to the satisfaction of performance targets.

MALDON CRYSTAL SALT COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

23. Reserves**Share premium account**

The share premium account represents the premium arising on the issue of shares. There has been no movement in the share premium account in the year.

Profit and loss account

The profit and loss account represents cumulative profits net of dividends and other adjustments and is considered to be distributable.

24. Capital commitments

At 31 December 2016 the Company had capital commitments in respect of the Wycke Hill site as follows:

| | 2016 £ | 2015 £ |
|---|----------------|-----------|
| Contracted for but not provided in these financial statements | 969,400 | - |
| | <u>969,400</u> | <u>-</u> |

25. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2016 £ | 2015 £ |
|--|---------------|--------------|
| Not later than 1 year | 9,364 | 2,500 |
| Later than 1 year and not later than 5 years | 20,592 | - |
| Later than 5 years | 6,864 | - |
| | <u>36,820</u> | <u>2,500</u> |

MALDON CRYSTAL SALT COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

26. Related party transactions

During the year the company rented warehouses from Lancet Property Limited. Mr S.J. Osborne is a director and shareholder of this company. Rent of £30,000 (2015 - £30,000) was paid to Lancet Property Limited during the year. At the balance sheet date amounts totalling £7,500 (2015 - £Nil) have been included within debtors, in respect of prepaid rental charges. In addition, a short term loan of £1,000,000, with an interest rate of 2.5%, was advanced to Lancet Property Limited in the year. At the year end the loan had been repaid in full, including interest paid of £3,082.

The company has a 25% investment in QueenAsia Limited. In addition, Mr S.J. Osborne has a 30% investment in Queenasia Limited. During the year, sales of £278,846 (2015 - £221,782) were made to Queenasia Limited. At the balance sheet date the company was owed £104,146 (2015 - £157,534) by Queenasia Limited.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The aggregate remuneration of key management personnel this year was £2,598,248 (2015 - £2,229,217).

Dividends of £2,715,242 (2015 - £3,070,900) were paid by the company and received in a beneficial capacity by four directors.

At the balance sheet date Mr S.J. Osborne owed the company £Nil (2015 - £662,658). The amount is not due in instalments and is repayable on demand.