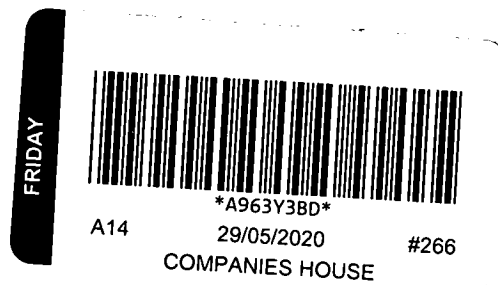


Company registration number: 00228405

East Lancashire Chemical Company Limited

Filleted financial statements

30 September 2019



East Lancashire Chemical Company Limited

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East Lancashire Chemical Company Limited

Directors responsibilities statement Year ended 30 September 2019

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 of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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.

East Lancashire Chemical Company Limited

**Statement of financial position
30 September 2019**

	Note	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	5	7,839		8,927	
Tangible assets	6	1,119,867		987,973	
			1,127,706		996,900
Current assets					
Stocks		187,005		218,395	
Debtors	7	335,796		511,136	
Cash at bank and in hand		131,570		92,087	
		654,371		821,618	
Creditors: amounts falling due within one year	8	(418,012)		(545,948)	
Net current assets			236,359		275,670
Total assets less current liabilities			1,364,065		1,272,570
Provisions for liabilities			(45,454)		(12,645)
Net assets			1,318,611		1,259,925
Capital and reserves					
Called up share capital	9	79,071		79,071	
Profit and loss account		1,239,540		1,180,854	
Shareholders funds			1,318,611		1,259,925

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

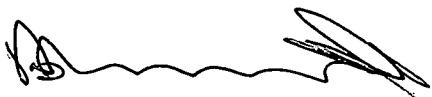
In accordance with section 444 of the Companies Act 2006, the statement of income and retained earnings has not been delivered.

The notes on pages 4 to 10 form part of these financial statements.

East Lancashire Chemical Company Limited

Statement of financial position (continued)
30 September 2019

These financial statements were approved by the board of directors and authorised for issue on 17 April 2020, and are signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'B J P Maxwell', with a long horizontal wavy line extending from the middle of the signature.

B J P Maxwell
Director

Company registration number: 00228405

The notes on pages 4 to 10 form part of these financial statements.

East Lancashire Chemical Company Limited

Notes to the financial statements Year ended 30 September 2019

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Furnace Road, Ilkeston, Derbyshire, DE7 5EP.

The principal activity of the company continues to be the manufacture of soda crystals and the packaging of household cleaners.

2. Statement of compliance

These financial statements have been prepared in compliance with the provisions of FRS 102, Section 1A, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity, rounded to the nearest £.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Stock valuations and recoverability of trading assets - these involve judgements as to pricing and the extent to which provisions are required to account for the risk of irrecoverability or obsolescence.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer.

East Lancashire Chemical Company Limited

Notes to the financial statements (continued) **Year ended 30 September 2019**

Taxation

The taxation expense represents the aggregate amount of current tax and deferred tax recognised in the reporting period. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are 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. Deferred tax is measured 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.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation

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

Development costs	- 10%
Patents, trademarks and licences	- 10%

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

Research and development

Research expenditure is written off in the year in which it is incurred.

Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
 - There is the intention to complete the intangible asset and use or sell it;
 - There is the ability to use or sell the intangible asset;
 - The use or sale of the intangible asset will generate probable future economic benefits;
 - There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
 - The expenditure attributable to the intangible asset during its development can be measured reliably.
- Expenditure that does not meet the above criteria is expensed as incurred.

East Lancashire Chemical Company Limited

Notes to the financial statements (continued) **Year ended 30 September 2019**

Tangible assets

Tangible assets are initially recorded at cost, and is subsequently stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation

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

Freehold property	- Straight line over fifty years on buildings
Plant and machinery	- Straight line over seven years
Fittings fixtures and equipment	- Straight line over three years
Motor vehicles	- 25% reducing balance

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Stocks

Stock is valued at the lower of cost and net realisable value. Net realisable value means estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling and distribution. Finished goods are valued at cost of materials used including apportioned overheads.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

East Lancashire Chemical Company Limited

Notes to the financial statements (continued)
Year ended 30 September 2019

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

4. Employee numbers

The average number of persons employed by the company during the year amounted to 23 (2018: 23).

5. Intangible assets

	Other intangible assets £	Total £
Cost		
At 1 October 2018 and 30 September 2019	<u>29,064</u>	<u>29,064</u>
Amortisation		
At 1 October 2018	20,137	20,137
Charge for the year	<u>1,088</u>	<u>1,088</u>
At 30 September 2019	<u>21,225</u>	<u>21,225</u>
Carrying amount		
At 30 September 2019	<u>7,839</u>	<u>7,839</u>
At 30 September 2018	<u>8,927</u>	<u>8,927</u>

East Lancashire Chemical Company Limited

Notes to the financial statements (continued)
Year ended 30 September 2019

6. Tangible assets

	Land and buildings freehold	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 October 2018	939,347	1,571,436	20,193	16,197	2,547,173
Additions	-	185,620	-	15,638	201,258
Disposals	-	-	-	(15,897)	(15,897)
At 30 September 2019	<u>939,347</u>	<u>1,757,056</u>	<u>20,193</u>	<u>15,938</u>	<u>2,732,534</u>
Depreciation					
At 1 October 2018	207,987	1,324,878	15,588	10,747	1,559,200
Charge for the year	11,810	44,789	3,406	7,061	67,066
Disposals	-	-	-	(13,599)	(13,599)
At 30 September 2019	<u>219,797</u>	<u>1,369,667</u>	<u>18,994</u>	<u>4,209</u>	<u>1,612,667</u>
Carrying amount					
At 30 September 2019	<u>719,550</u>	<u>387,389</u>	<u>1,199</u>	<u>11,729</u>	<u>1,119,867</u>
At 30 September 2018	<u>731,360</u>	<u>246,558</u>	<u>4,605</u>	<u>5,450</u>	<u>987,973</u>

7. Debtors

	2019	2018
	£	£
Trade debtors	130,803	152,201
Amounts owed by group undertakings and undertakings in which the company has a participating interest	193,443	241,680
Other debtors	11,550	117,255
	<u>335,796</u>	<u>511,136</u>

East Lancashire Chemical Company Limited

Notes to the financial statements (continued)
Year ended 30 September 2019

8. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	142,095	272,955
Amounts owed to group undertakings and undertakings in which the company has a participating interest	146,330	188,500
Social security and other taxes	60,667	31,486
Other creditors	68,920	53,007
	<u>418,012</u>	<u>545,948</u>

The bank holds as security a debenture including a fixed charge over any company property, a first fixed charge over book and other debts and a first floating charge over all assets and undertakings.

There is also a composite guarantee given by each company within the Dri-Pak Limited group.

9. Called up share capital
Issued, called up and fully paid

	2019		2018	
	No	£	No	£
Ordinary shares shares of £ 1.00 each	26,357	26,357	26,357	26,357
Deferred ordinary shares shares of £ 1.00 each	52,714	52,714	52,714	52,714
	<u>79,071</u>	<u>79,071</u>	<u>79,071</u>	<u>79,071</u>

10. Operating leases

The company as lessee

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	£	£
Not later than 1 year	18,333	13,120
Later than 1 year and not later than 5 years	144	1,170
	<u>18,477</u>	<u>14,290</u>

East Lancashire Chemical Company Limited

Notes to the financial statements (continued)
Year ended 30 September 2019

11. Summary audit opinion

The auditor's report for the year dated 17 April 2020 was unqualified.

The senior statutory auditor was Steven Newman LLB BFP FCA, for and on behalf of Hobsons CA Limited.

12. Related party transactions

During the year the company entered into the following transactions with related parties:

	Transaction value		Balance owed by/(owed to)	
	2019	2018	2019	2018
	£	£	£	£
Sales to Dremm	2,393	2,748	-	-
Purchases from Dremm	<u>87,213</u>	<u>23,183</u>	<u>(31,958)</u>	<u>(7,948)</u>

The company has taken advantage of the exemptions available from disclosing transactions and balances with wholly owned group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

13. Ultimate parent undertaking and controlling party

The ultimate parent company is Dri-Pak Limited, a company registered in England and Wales. The registered office of the parent company is Furnace Road, Ilkeston, Derbyshire, DE7 5EP.

Dri-Pak Limited prepares the only consolidated financial statements in the group which include the results of the company.

The company is controlled by the directors of the ultimate parent company, Dri-Pak Limited. P S Maxwell and B J P Maxwell are directors of East Lancashire Chemical Company Limited and Dri-Pak Limited.