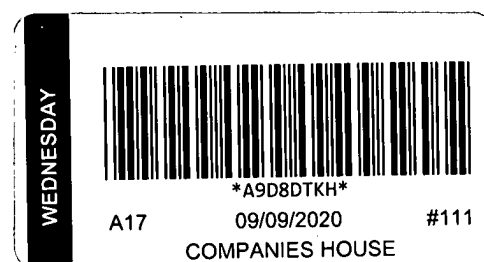


REGISTERED NUMBER: 00568534 (England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 December 2019
for
EMS-Chemie (UK) Ltd**



**Contents of the Financial Statements
for the Year Ended 31 December 2019**

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EMS-Chemie (UK) Ltd
Company Information
for the Year Ended 31 December 2019

DIRECTORS:	Mr L Pitsch Mr C Morf Mr R J Peters Mr D Radanovic
SECRETARY:	Mr R J Peters
REGISTERED OFFICE:	Darfin House Priestly Court Staffordshire Technology Park Stafford Staffordshire ST18 0LQ
REGISTERED NUMBER:	00568534 (England and Wales)
AUDITORS:	Mitten Clarke Audit Limited Statutory Auditors The Glades Festival Way Stoke on Trent Staffordshire ST1 5SQ
BANKERS:	Barclays Bank PLC 15 Market Square Stafford Staffordshire ST18 0AR
SOLICITORS:	Hand Morgan & Owen 17 Martin Street Stafford Staffordshire ST16 2LF

**Strategic Report
for the Year Ended 31 December 2019**

The directors present their strategic report for the year ended 31 December 2019.

REVIEW OF BUSINESS

Business review

Business activity levels, measured by volume, were 10.6% down on 2018, a trend also experienced across the wider EMS group, mostly attributable to the economic downturn - most notably within the automotive sector. 2019 began with some level of uncertainty surrounding the pending impact, and of course timing, of "Brexit", although the impact of this was short-term with no noticeable dampening on sales experienced.

Despite slight downturn in turnover and profit, the company balance sheet remains in a strong and healthy position with year end cash and bank balances of £1.5m (2018: £0.5m). Inventory balances being up 23.1% on 2018, attributable to reverting to "stock call-off" basis with a major customer during the year, with no further significant varying factors occurring in relation to other balance sheet areas.

The excellent reputation enjoyed by EMS CHEMIE (UK) LTD in the UK and Nordic markets continues to be maintained with our focus upon:

1. Strong customer service and support
2. High quality and consistent product supply
3. Continual and innovative product development
4. Solution provider willing to partner long term with customers and end users
5. Well respected and highly competent technical expertise
6. Competitive pricing

Strategy

Our focus remains in promoting metal replacement with Grivory GV, Grilamid and HT products. Long term partnering and project development remains crucial in maintaining continued growth. EMS CHEMIE (UK) LTD seeks to differentiate itself from the competition by:

1. Maintaining its high standards of customer service and support
2. Providing a local presence in the UK market
3. Managing its distribution business in house and housing stock within the UK
4. Employing highly skilled and motivated employees
5. Continual product development

**Strategic Report
for the Year Ended 31 December 2019**

PRINCIPAL RISKS AND UNCERTAINTIES

The company is well represented in the key markets of automotive, construction, industrial and electrical. Despite downturn experienced in 2019, the general economic conditions within the UK and European essentially remain stable and will be key in enabling us to achieve growth. Our materials are manufactured in the EU and Switzerland, who are in the tariff free zone, and the potential addition of import duties should a tariff free trade deal not be reached will not impact significantly. At current rates this would add a further 6.5% to import prices where goods are imported into the UK from the EU.

The bad publicity of diesel engines and key manufacturers within the automotive sector continues to have a dampening effect on sales and also limiting development of potential new projects.

The tightness of raw material supply for the manufacture of PA12 products (significant in 2018) began to subside during 2019 and is no longer considered to be a limiting factor.

FINANCIAL INSTRUMENT RISK

The main risks arising from the company's financial instruments being credit risk along with liquidity and cashflow risk.

Credit Risk

The company's largest individual customer (typically representing 25%-40% of trade debtor total) is a large multi-national organisation within the automotive sector with a 200 year history and is considered to be of minimal risk.

The remaining debtor base is otherwise widely spread over a large number of customers without any significant concentration of credit risk.

All customer payment behaviours are continually monitored with instances of late payments promptly escalated to legal recovery procedures where considered necessary, with credit terms subsequently revisited accordingly.

No instances of bad debts occurred during the year or surrounding year end debtors.

Liquidity and Cashflow Risk

Liquidity risk is considered minimal, with the company having healthy cash reserves on a continual basis and all creditors and liabilities consistently paid on time. Should any unexpected instances of shortfall occur, there exists the option of payment timing flexibility extended from group related creditors (the company's sole stock supplier and therefore by far representing the significant majority of the company's creditor base).

**Strategic Report
for the Year Ended 31 December 2019**

FINANCIAL KEY PERFORMANCE INDICATORS

The board monitors the performance of the company by reference to two KPI's, gross profit % and operating profit %.

Gross profit %

In the current year the company achieved 7.9% compared with 9.3% in the previous year, the decrease essentially due to higher proportion of sales volumes occurring from the non-main (and therefore less profitable) product families

Operating profit %

In the current year the company achieved 3.1% compared with 5.0% in the previous year, being consistent with gross profit trend.

FUTURE DEVELOPMENTS

In March 2020, the UK was impacted by the outbreak of a global coronavirus pandemic. In order to manage the spread of the coronavirus (Covid-19), governments in the UK and overseas imposed significant restrictions on the movement of people and the ability of businesses to continue to trade. The company remains very aware of the continuing impact of these restrictions on the business climate.

Trading volumes suffered most significantly in the early stages of the virus outbreak, being most apparent within March-April volumes. However, volumes increased in May as customers re-opened for business and volumes continue to recover towards those achieved in the previous year.

Some dampening effect is still expected in the remaining 2020 forecast, although at > 80% of 2019 volumes for the corresponding period, given the ongoing wider economic situation, this is still considered to be a healthy synopsis with further volume increases projected in the following year reinforcing this position.

The company's balance sheet and cashflow position has remained strong throughout these challenging months, whilst also sustaining excellent control over customer debtor balances (100% recovery of all outstanding balances), with expectations for this to continue on an ongoing basis.

EMS CHEMIE HOLDING AG, the parent Company of EMS-CHEMIE (UK) LTD continues to invest in modern worldwide production facilities, coupled with innovative product development. Current product development is aware of certain raw material limitations and is focusing its resources on developing product that can be manufactured without restrictions to supply. EMS-CHEMIE (UK) LTD remains focussed on retaining and growing its existing customer base as well as developing new business opportunities with new and prospective customers. Successful delivery of new projects to revenue and profitability, in many instances can take a number of years and it is vital that the Company has a varied and sufficient portfolio of opportunities to sustain long term growth.

ON BEHALF OF THE BOARD:



.....
Mr R J Peters - Director

Date: ...27 August 2020.....

**Report of the Directors
for the Year Ended 31 December 2019**

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

EMS-Chemie (UK) Ltd operates as a wholly owned subsidiary of EMS-Chemie Holding AG and is active in the marketing and sales of high performance engineering polymers within the UK and Irish markets.

DIVIDENDS

Dividends paid in the year amount to £1,040,000 (2018 - £1,050,000).

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

Mr L Pitsch

Mr C Morf

Other changes in directors holding office are as follows:

Dr J Linster - resigned 1 January 2019

Mr R J Peters - appointed 17 January 2019

Mr D Radanovic - appointed 28 February 2019

RESULTS

The profit for the year, after taxation, amounted to £537,736 (2018 - £1,036,308).

DISCLOSURE IN THE STRATEGIC REPORT

The company has chosen in accordance with section 414C(11) of Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's Strategic Report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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.

**Report of the Directors
for the Year Ended 31 December 2019**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

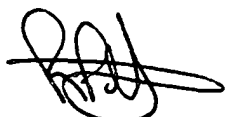
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, Mitten Clarke Audit Limited, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

ON BEHALF OF THE BOARD:



.....
Mr R J Peters - Director

Date:27 August 2020.....

**Report of the Independent Auditors to the Members of
EMS-Chemie (UK) Ltd**

Opinion

We have audited the financial statements of EMS-Chemie (UK) Ltd (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and 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 company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

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 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.

Other information

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

Our opinion on the financial statements does not cover the other information and, 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.

**Report of the Independent Auditors to the Members of
EMS-Chemie (UK) Ltd**

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages five and six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Report of the Independent Auditors to the Members of
EMS-Chemie (UK) Ltd

Use of our report

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

Mitten Clarke Audit Limited

Nicola Johnson (Senior Statutory Auditor)
for and on behalf of Mitten Clarke Audit Limited
Statutory Auditors
The Glades
Festival Way
Stoke on Trent
Staffordshire
ST1 5SQ

Date: *4/9/20*

Statement of Comprehensive Income
for the Year Ended 31 December 2019

		2019		2018	
	Notes	£	£	£	£
TURNOVER	4		22,970,790		25,416,164
Cost of sales			21,156,261		23,041,387
GROSS PROFIT			1,814,529		2,374,777
Distribution costs		763,336		787,493	
Administrative expenses		359,704		461,226	
			1,123,040		1,248,719
			691,489		1,126,058
Other operating income / (charges)	5		26,528		139,653
OPERATING PROFIT	8		718,017		1,265,711
Interest receivable and similar income	10		108		8,556
			718,125		1,274,267
Interest payable and similar charges	11		55,902		-
PROFIT BEFORE TAXATION			662,223		1,274,267
Tax on profit	12		124,487		237,959
PROFIT FOR THE FINANCIAL YEAR			537,736		1,036,308
OTHER COMPREHENSIVE INCOME			-		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			537,736		1,036,308

The notes form part of these financial statements

Balance Sheet
31 December 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	14	96,523	123,243
CURRENT ASSETS			
Stocks	15	1,595,044	1,295,897
Debtors	16	4,741,843	5,676,321
Cash at bank and in hand		1,465,345	508,831
		<u>7,802,232</u>	<u>7,481,049</u>
CREDITORS			
Amounts falling due within one year	17	<u>5,811,854</u>	<u>5,015,127</u>
NET CURRENT ASSETS		<u>1,990,378</u>	<u>2,465,922</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,086,901</u>	<u>2,589,165</u>
CAPITAL AND RESERVES			
Called up share capital	19	1,530,000	1,530,000
Retained earnings	20	<u>556,901</u>	<u>1,059,165</u>
SHAREHOLDERS' FUNDS		<u>2,086,901</u>	<u>2,589,165</u>

The financial statements were approved by the Board of Directors and authorised for issue on ...27..August 2020..... and were signed on its behalf by:



.....
Mr R J Peters - Director

**Statement of Changes in Equity
for the Year Ended 31 December 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2018	1,530,000	1,072,857	2,602,857
Changes in equity			
Dividends	-	(1,050,000)	(1,050,000)
Total comprehensive income	-	1,036,308	1,036,308
Balance at 31 December 2018	<u>1,530,000</u>	<u>1,059,165</u>	<u>2,589,165</u>
Changes in equity			
Dividends	-	(1,040,000)	(1,040,000)
Total comprehensive income	-	537,736	537,736
Balance at 31 December 2019	<u>1,530,000</u>	<u>556,901</u>	<u>2,086,901</u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 December 2019**

1. STATUTORY INFORMATION

EMS-Chemie (UK) Ltd is a private company limited by shares, incorporated and domiciled in England and Wales. The registered office is Darfin House, Priestly Court, Gillette Close, Staffordshire Technology Park, Stafford, Staffordshire, ST18 0LQ.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK 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 (see note 3).

The following principal accounting policies have been applied:

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of EMS-Chemie Holding AG as at 31 December 2019 and these financial statements may be obtained from EMS-Chemie Holding AG, Via Innovativa, 7013 Domat/EMS, Switzerland.

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, after taking account of trade discounts, settlement discounts and volume rebates, excluding 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.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Motor vehicles	- Straight line over 3 years
Fixtures and fittings	- Straight line over 8 years
Office equipment	- Straight line over 15 years
Computer equipment	- Straight line over 3 years

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.

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.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

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.

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 Profit and loss account.

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.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all significant timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Foreign currencies

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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. Nonmonetary 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 income and retained earnings 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 income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of income and retained earnings within 'other operating income'.

Operating leases: the company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

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 income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

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.

Interest income

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

Going concern

The financial statements have been prepared on a going concern basis. Particular consideration has been given to the impact of the global coronavirus pandemic on the company's ability to trade in the current business climate. The directors have a reasonable expectation that the company has adequate resources to continue to trade for the foreseeable future. Thus the going concern basis of accounting is adopted in preparing the financial statements.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The directors consider that the critical accounting judgements used in preparing the financial statements are as follows:

- Going concern The directors have assessed the going concern status of the Company and consider the Company to be a going concern. In making this assessment the Directors considered the impact of the global coronavirus pandemic on business to date, the likely impact on future business and the Company's demonstrable ability to trade profitably throughout the recent challenging months. The directors have also considered the Company's access to working capital and believe that the Company has sufficient access to cash reserves to enable it to continue to trade and meet its ongoing liabilities for the foreseeable future.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

4. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2019 £	2018 £
United Kingdom	12,333,259	12,706,652
Europe	10,238,725	10,848,991
Rest of the world	398,806	1,860,521
	<u>22,970,790</u>	<u>25,416,164</u>

5. **OTHER OPERATING INCOME / (CHARGES)**

	2019 £	2018 £
Management fees receivable	100,726	100,625
Profit on disposal of fixed assets	6,071	18,282
Exchange gains / (losses)	(80,269)	20,746
	<u>26,528</u>	<u>139,653</u>

6. **EMPLOYEES AND DIRECTORS**

	2019 £	2018 £
Wages and salaries	580,213	564,506
Social security costs	69,404	66,601
Other pension costs	40,499	40,183
	<u>690,116</u>	<u>671,290</u>

The average number of employees during the year was as follows:

	2019	2018
Selling and distribution	10	10
Administration	1	1
Directors	4	4
	<u>15</u>	<u>15</u>

7. **DIRECTORS' EMOLUMENTS**

	2019 £	2018 £
Directors' remuneration	87,482	78,086
Directors' pension contributions to money purchase schemes	5,856	5,345
	<u></u>	<u></u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

7. DIRECTORS' EMOLUMENTS - continued

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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8. OPERATING PROFIT

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

	2019	2018
	£	£
Other operating leases	36,219	32,089
Depreciation - owned assets	50,357	58,503
Foreign exchange differences	<u>80,269</u>	<u>(20,746)</u>

9. AUDITORS' REMUNERATION

	2019	2018
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	<u>11,000</u>	<u>9,000</u>

10. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	£	£
Other interest receivable	108	99
Foreign exchange gain on currency positions	<u>-</u>	<u>8,457</u>
	<u>108</u>	<u>8,556</u>

11. INTEREST PAYABLE AND SIMILAR CHARGES

	2019	2018
	£	£
Foreign exchange loss on currency positions	<u>55,902</u>	<u>-</u>
	<u>55,902</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

12. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019 £	2018 £
Current tax:		
UK corporation tax	124,487	237,959
Tax on profit	<u>124,487</u>	<u>237,959</u>

UK corporation tax was charged at 19% in 2018.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit before tax	<u>662,223</u>	<u>1,274,267</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	125,822	242,111
Effects of:		
Expenses not deductible for tax purposes	(687)	(2,845)
Capital allowances in excess of depreciation	(1,773)	(1,311)
Movement in deferred tax asset not recognised	1,125	4
Total tax charge	<u>124,487</u>	<u>237,959</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13. DIVIDENDS

During the year a dividend was paid on equity capital of £1,040,000 (2018: £1,050,000).

On 4 March 2020 the directors proposed a dividend of £540,000.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

14. TANGIBLE FIXED ASSETS

	Office equipment £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 January 2019	82,188	17,221	125,830	78,868	304,107
Additions	-	-	32,910	4,637	37,547
Disposals	(63,180)	-	(28,750)	(70,775)	(162,705)
At 31 December 2019	19,008	17,221	129,990	12,730	178,949
DEPRECIATION					
At 1 January 2019	67,689	4,489	34,454	74,232	180,864
Charge for year	2,816	2,153	41,260	4,128	50,357
Eliminated on disposal	(62,332)	-	(15,688)	(70,775)	(148,795)
At 31 December 2019	8,173	6,642	60,026	7,585	82,426
NET BOOK VALUE					
At 31 December 2019	10,835	10,579	69,964	5,145	96,523
At 31 December 2018	14,499	12,732	91,376	4,636	123,243

15. STOCKS

	2019 £	2018 £
Finished goods and goods for resale	1,595,044	1,295,897

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	4,632,026	5,629,697
Amounts owed by group undertakings	67,873	28,589
Other debtors	829	918
Tax	6,985	-
Prepayments and accrued income	34,130	17,117
	4,741,843	5,676,321

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	36,450	31,826
Amounts owed to group undertakings	4,833,470	3,898,338
Tax	-	130,209
Social security and other taxes	16,730	17,961
VAT	684,669	580,479
Other creditors	114,048	131,901
Accruals and deferred income	126,487	224,413
	<u>5,811,854</u>	<u>5,015,127</u>

18. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019	2018
	£	£
Within one year	34,566	34,566
Between one and five years	114,122	121,188
In more than five years	-	27,500
	<u>148,688</u>	<u>183,254</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019	2018
			£	£
1,530,000	Ordinary	1	<u>1,530,000</u>	<u>1,530,000</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and repayment of capital.

20. RESERVES

Profit and loss account

This reserve records all current and prior year retained profits and losses.

21. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £40,499 (2018 - £40,183). Contributions totalling £5,377 (2018 - £nil) were payable to the fund at the balance sheet date.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

22. POST BALANCE SHEET EVENTS

On 4 March 2020 the directors proposed a dividend of £540,000.

In March 2020, the UK was impacted by the outbreak of a global coronavirus pandemic. In order to manage the spread of the coronavirus (Covid-19), governments in the UK and overseas imposed significant restrictions on the movement of people and the ability of businesses to continue to trade. This event occurred after the company's reporting period and so is considered to be a non-adjusting event.

Trading volumes suffered most significantly in the early stages of the virus outbreak, being most apparent within March-April volumes. However, volumes increased in May as customers re-opened for business and volumes continue to recover towards those achieved in the previous year. It is likely, that volume and revenue will be lower in 2020 than that achieved in 2019, but the estimation uncertainty in determining the extent of any reduction is considered to be so great that accurate estimates cannot be made.

Whilst the directors acknowledge the increased risks arising from the global coronavirus pandemic the company's balance sheet and cashflow position has not been significantly impacted by recent challenging months, with expectations for this position to continue on an ongoing basis.

23. CONTROLLING PARTY

The company is controlled by EMS-Chemie Holding AG. The parent undertaking of the largest and smallest group for which consolidated financial statements are prepared is EMS-Chemie Holding AG, a company incorporated in Switzerland. Copies of the EMS-Chemie Holding AG consolidated financial statements can be obtained from EMS-Chemie Holding AG, Via Innovativa, 7013 Domat/EMS, Switzerland.

EMS-Chemie Holding AG is ultimately controlled by Emesta Holding AG, the ultimate parent company, being a company incorporated in Switzerland.