

Company Registration No. 01248371 (England and Wales)

INDUSTRIAL CHEMICALS GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



!RickardLuckin

INDUSTRIAL CHEMICALS GROUP LIMITED

COMPANY INFORMATION

Directors	AR Carver CD Carver E Strang
Secretary	BJ Lowthian
Company number	01248371
Registered office	Titan Works Hogg Lane Grays Essex RM17 5DU
Auditor	Rickard Luckin Limited 1st Floor County House 100 New London Road Chelmsford Essex CM2 0RG
Bankers	Lloyds Bank Plc - Grays 34 High Street Grays Essex RM17 6LX

INDUSTRIAL CHEMICALS GROUP LIMITED

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INDUSTRIAL CHEMICALS GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Section 172 Statement

This section serves as our section 172 statement and should be read in conjunction with the rest of this Strategic report. Section 172 of the Companies Act 2006 requires the Directors to have regard of the interests of the Group's employees and other stakeholders, including the impact of its activities on the community, the environment and the Group's reputation when making decisions.

Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Group for its members in the long term. Whilst the importance of giving due consideration to our stakeholders is not new, we are explaining in more detail this year how the Board engages with our stakeholders, thus seeking to comply with the requirement to include a statement setting out how our Directors have discharged this duty.

The Directors are fully aware of their responsibilities to promote the success of the Group in accordance with section 172 of the Companies Act 2006. To ensure the Group was operating in line with good corporate practice, all Directors received training on the scope and application of section 172 from the Group's senior finance team, in July 2019. This focused activity allowed the Board to reflect on how the Group engages with its stakeholders and opportunities for enhancement in the future.

The Board regularly reviews our principal stakeholders and how we engage with them. The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.

The Board have had regard to the factors set out above and acknowledge that for the business to grow over the long term, a full understanding of the Group's stakeholders is required to ensure that the Board can make informed decisions which factor in stakeholder interest.

The Board considers its significant stakeholder groups to be Employees, Customers and Suppliers.

Employees

Our employees with their expertise and dedication play a key role in the long term success of the business. Human resources planning forms a fundamental part of our strategy, with a dedicated focus on employee retention and development at every level. We encourage open dialogue, allowing employees to play a part in shaping the Group and foster a change and performance culture. The internal team meetings and department meetings promote the flow of information, communication and cooperation between all employees.

We promote and maintain consistently high standards of safety and compliance training. Our staff are actively involved in decisions surrounding strategy, operational performance, capital investments and financial structure and their input is factored into all such decisions.

Customers and Suppliers

We support our business partners in developing and growing their business through our close working relationships, formed over the forty five years of trading. We enable them to expand their business, as we grow together through continuous innovation and development. We are able to address the different requirements of our suppliers and customers and with the focus on providing the right solution because we have experts and specialists for all customer industries in which we operate.

Our experts share their knowledge of local conditions and the specific applications of our products, thereby creating real added value for our partners. We are well placed to meet our business partners' diverse requirements. Our business partners are vital to ensuring our long term success, this principle remains unchanged and as a business we constantly review our business model with the view to leveraging further potential.

INDUSTRIAL CHEMICALS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

The community and environment

During the year, we continued to provide funding to a number of local schools and clubs, which was more vital than ever to the success of these charities during the current pandemic. We also invested in a number of good causes that are recommended by our employees through the year. We also continued to allow our employees to take time off work so they can support a charitable organisation in the local community.

Developments during the year

The Board's principal decision during the year was to approve sale of our Packaged Chemicals division (ICL Packed Ltd) to Brenntag UK Ltd and related investment in new UK manufacturing/storage capabilities. The Board considered the long-term consequences of this decision and if it was in the best interest of its stakeholders as a whole.

It was concluded that the transaction represented an important strategic development and was in the best interest of the business and all of our stakeholders. It would provide the investment required for the development of manufacturing operations and capabilities to meet our growing customer needs for a number of key products across the UK.

INDUSTRIAL CHEMICALS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Fair review of the business

Industrial Chemicals Group Ltd was incorporated in March 1976 as a manufacturer and trader of industrial chemicals. Employing 493 people and headquartered in Grays, Essex, with additional production facilities across the UK in West Thurrock, Newcastle, Runcorn, Port Clarence, Scunthorpe, Selby and Widnes. The Group also has a production facility in Louisiana in the USA.

Industrial Chemicals has both bulk manufacturing and packaged products capabilities, servicing a diverse customer base with many household names from various sectors, including agriculture, water utilities, steel production, energy utilities, pharmaceuticals and homecare products.

Industrial Chemicals can support the most demanding of requirements, providing specific tailored chemical solutions including grinding, milling, filtration, spray drying and operates one of largest private specialist distribution fleets in the UK Chemicals sector.

Overview

As demonstrated in the Group's profit and loss account on Page 19, we established a new record for turnover in the year at £129.6m, representing a £1.7m or 1.4% increase on 2019, with EBITDA before exceptionals of £13.7m, our best results to date. Exceeding our original Budgeted EBITDA for the year despite the combined headwinds of the United Kingdom's exit from the European Union (Brexit) and the ongoing global coronavirus pandemic. The pandemic created demand for chemicals used in cleaning products and we entered the market for hand sanitiser during the year. The commitment of our managers and staff to COVID risk reduction measures and safe working practices resulted in no lost days of production and efficient logistics operations despite the challenging conditions.

Over the past several years, we have implemented a range of strategic initiatives to lower our operating costs, increase our profitability and further enhance our market offering. This included fixed asset investments to expand our capacity, improvements to increase productivity at our existing facilities, and reductions to our fixed cost structure, the Group has continued this focus in 2020.

Water Treatment Chemical Growth

Demand from our water utility customers remained strong, with increases in tonnage and turnover across almost all main water treatment products, SDHO drove the largest favourable variance, with sales of £4.4m for the year (£3.4m for 2019). The addition of SDHO at the water treatment works creates a lead-phosphate coating on the inside of lead pipes – this acts as a protective coating and prevents lead from leaching into the water supply.

Ferric Sulphate demand drove the largest single adverse variance in water utility products for the year with sales of £20.9m (£22.06m for 2019). Ferric Sulphate sales were adversely impacted by a combination of the loss of the 12-month contract of supply in May 2020 and the enforced national coronavirus closures of heavy industry across the United Kingdom, reducing the requirement for water treatment dosing.

Ferric Sulphate is used by both water utilities and heavy industry for pH adjustment, coagulation and dissolved heavy metal precipitation. We expect significant growth in demand over the next five years, as all regulated water utilities have been mandated to increase dirty water dosing to improve phosphate removal from rivers and estuaries, as part of the official guidance from the Water Services Regulation Authority (OFWAT) under the recent round of budget setting for the industry known as AMP7.

Ferric Sulphate is an important product within our portfolio, produced in three main production facilities throughout the United Kingdom in Newcastle, Widnes and West Thurrock.

We are currently investing in further expansion and product enhancements of the three existing Ferric Sulphate plants, whilst planning development of a new plant in Port Clarence for 2023. Combined with our robust raw material supply chain we are confident we will meet the requirements of our customers for the years to come.

INDUSTRIAL CHEMICALS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Chlor Alkali Production West Thurrock

We saw record Sodium Hypochlorite sales for the year of £11.55m (£10.34m 2019) with strong demand across all water utility and industrial customers. To facilitate this increased production requirement the Chlor Alkali plant was required to periodically switch full production on both lines of the plant to Sodium Hypochlorite only, reducing the production of both Hydrochloric Acid (HCl) and Caustic.

Overall, the Chlor Alkali products of Caustic Soda, Sodium Hypochlorite and HCl all recorded encouraging sales totalling £40.8m combined (£42.4m for 2019), despite an operational incident at the Chlor Alkali storage facility in West Thurrock in January. Pipework failure within the Hydrochloric Acid (HCl) tank farm resulted in the loss of containment, but I am pleased to report that no injuries resulted from the incident and the site returned to operation within 26 hours of the incident.

Investigations into the exact root cause of the incident remain ongoing and we are working closely with the Health & Safety Executive and Environment Agency to ascertain the reason for the failure. The affected tank farm and any similarly designed facilities around the Group were immediately isolated, removed or redesigned to prevent any potential reoccurrence of what is currently suspected to be the cause of the failure.

Investigations have been hampered by the national coronavirus crisis and social distancing restrictions delaying planned site visits, but with the lifting of the lockdown restrictions in June, we were able to commence the rebuild of the storage area, which is scheduled to be completed in Q4 2021. We received full settlement under an insurance claim for the property damage and loss of product for this incident in May 2021.

Due to the loss of this tank farm, the Chlor Alkali plant performance was restricted, production from both lines on the plant was scaled back, or production rates would rapidly outstrip our available tank storage capacity. To support this reduction in performance we have supplemented in house production of Caustic and HCl with supplies from third party producers, which adversely affected material costs, transport costs, reducing profitability and cashflow for the year.

Procter and Gamble Supply

Industrial Chemicals has been working with Procter and Gamble (P&G) since 1988, a 33-year collaboration, with strong relationships throughout all levels of the Group, resulting in a partnership-based supply arrangement, which is highly valued. The bulk of product supply is into the P&G London plant, less than one mile from the Industrial Chemical's West Thurrock site.

We were successful in retaining a major supply agreement with P&G in early January 2021.

P&G account for approx. 20% of our turnover, demand for Amines, Silicates and Perfumes was very strong in the year. P&G supplied chemicals are used in the production of household cleaning products, which have seen significant growth throughout the global coronavirus pandemic.

P&G also retained higher safety stocks of key chemicals at their London plant towards the end of 2020, to ensure production capability was unaffected, in the event of a disorderly exit by the United Kingdom from the European Union.

Sulphuric Acid Growth

Traded Sulphuric performance was very strong for the year at £5.55m (£4.63m for 2019), predominantly resulting from water utility demand, but also strong demand from industrial customers. Sadly, margins on this product were adversely impacted by the loss of a storage vessel in West Thurrock.

A small leak developed in an ancillary pipe in August 2020. Although there were no injuries and no loss of containment or risk to the environment, management decided to close the nearby storage facility at West Thurrock.

Ongoing supplier agreements and local production requirements for the product were sourced from appropriate alternative storage across the UK. This resulted in higher transport costs with the adverse impact on margins and cashflow.

INDUSTRIAL CHEMICALS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

US Operations Review

In August 2020, the Board of Directors of the Group approved the appointment of BDO LLP (USA) as interim general and financial management of our US operations, whereby BDO were to facilitate the demolition and clean-up of redundant facilities at the Louisiana site and enhance the site's profitability and cashflow. This process remains ongoing, with completion planned for Q2 2022.

Balance Sheet

Raw material and finished goods stocks were £4.4m at year-end. This remains higher than anticipated, as we continue to operate with higher Ferric Sulphate alternative raw materials to support ongoing Ferric Sulphate production. However a £2.8m reduction in stock on 2019 reflects a significant achievement.

Trade Debtors reduced through the year to £12.9m, largely driven by improvements in payment terms from a number of major customers, with debtors days 36.

Trade Creditors reduced by £2.4m to £12.8m, reflecting the Group's focus on reduction in overheads and costs throughout the business.

Our bank borrowings including overdrafts reduced to £30.0m from £37.3m, again reflecting the Group's focus on reduction in overheads and capital investment across the year.

Days sales outstanding (DSO) reduced on average by 7 days across the year to 36 days, whilst Creditor days (CDO) decreased by 10 days to 63 days on average for the year. A key focus for the business is maintaining an acceptable ratio for both our customers and suppliers in this regard and will continue to be monitored closely in 2021.

Capital Expenditure

The Group focused on the core production facilities across the UK.

Capital expenditure for the year was £2.9m, with expenditure primarily incurred on the further investment in our Chlor Alkali facility in West Thurrock, the enhanced Ferric Sulphate facilities in Widnes and West Thurrock and on a number of smaller capital projects through the Group.

The CHP plant at West Thurrock remained suspended due to the uncertainty around UK Government environmental guidance for new gas plants, and changes to EU support due to the Brexit exit arrangements.

Cashflow Review

Cashflow has continued to improve through 2020, due to strong turnover and focused overhead cost reduction. This enabled the repayment of over £3.9m of Bank facilities within 2020 and significantly strengthened the Group's overall cash position; this is evident in the £2.4m year on year reduction in Trade Creditors.

The Group has made further Bank repayments to July 2021 of £2.5m. Providing a strong liquidity position for the Group in the current Coronavirus crisis.

Lloyds banking facilities within the year were as follows:

- £20m term loan facility (£11.88m balance December 2020)
- £10m revolving credit facility (£8.6m balance December 2020)
- £14.5m Confidential invoice discounting facility (£9.3m balance December 2020)

In total the Group has banking facilities of £44.5m of which £29.78m was utilised at the year end.

INDUSTRIAL CHEMICALS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Packaged Products Divisional Sale

Post December 2020 year-end Industrial Chemicals completed the sale of its Packaged Chemicals division (ICL Packed Ltd) to Brenntag UK Ltd (turnover circa £12m per annum). The packed division was based at our Selby and West Thurrock locations and all staff were transferred as part of the undertaking. This will not impact on our bulk operations. We will continue to manufacture and distribute Bulk chemicals i.e. road tanker based supplies to all of our existing customers.

In addition, we will continue to offer packed ULB Sodium Hypochlorite, HFSA (Hexafluorosilicic Acid), SDHO (Sodium Dihydrogen Orthophosphate) and other niche products for water treatment with Brenntag providing the distribution fulfilment on our behalf.

As part of the agreement, we have provided Brenntag with a five-year agreement for the supply of several of our bulk manufactured chemicals and dedicated storage/loading capabilities at our West Thurrock site.

This transaction is an important strategic announcement for both companies. It will provide funding for the additional UK chemical manufacturing capability expansion, ensuring that we have the appropriate production capacity and distribution networks to meet customer demand, whilst providing a long-term supply partnership between Brenntag and Industrial Chemicals for bulk chemicals.

The 2021 Outlook

The Bank of England has forecasts that UK GDP will rise by 7.2% in 2021, the fastest growth since 1941, after a 9.8% contraction in 2020 – the worst in almost 300 years. That would outpace any other advanced economy, including the US. However, the UK economy is expected to face deeper economic scarring and longer-term economic damage than other G7 industrialised nations, with the impact of leaving the EU adding to the disruption caused by the pandemic.

The Organisation for Economic Co-operation and Development (OECD) expects major Eurozone members to experience a 0.3% annual decline in potential economic output, while the UK's growth rate could be 0.5% a year lower than previously expected. "The United Kingdom could suffer the biggest reduction among G7 countries reflecting the additional adverse supply-side effects from 2021 following Brexit".

In 2019, UK exports to the EU were £294 billion (43% of all UK exports). UK imports from the EU were £373 billion (52% of all UK imports). Trade with the EU has been disrupted by the additional bureaucracy of border administration and checks between the UK and continental Europe. This will ultimately affect decisions on raw material supply, capital investment and overall business confidence.

Reductions are expected in the pool of available skilled labour as restrictions on EU nationals under freedom of movement rules are introduced. We have already seen evidence of this within the pool of qualified tanker drivers across the UK, which has exacerbated a historic shortage of UK qualified drivers, with estimates of a shortfall of a 100,000 drivers across the UK.

This driver shortage is particularly acute in the South East of England, where we have seen a number of large hauliers and retailers implement substantial increases in pay and benefits for drivers. This could have significant impact on the UK economic recovery from the pandemic if not addressed by the UK government.

In 2020, we benefitted from a low wholesale energy prices, as a result of the pandemic, which helped to suppress utility costs by circa £2.3m for the year. However, for 2021 we have already seen significant increases in utility costs (Year to date to July 2021 £6.44m, £2.66m higher than 2020).

Available power plant capacity on the UK national electricity grid is reducing steadily, due to the closure of coal-fired plants, with no new nuclear plants expected for several years, whilst demand has continued to increase and is expected to reach 55GW (currently 45GW). This has resulted in a heavier reliance on combined cycle gas plants and intermittent wind energy. Whilst gas storage across the UK has also reduced by over 65%. We have seen energy prices treble as a result and predictions are for further increases as we approach the winter.

INDUSTRIAL CHEMICALS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

In the face of these exceptional operating costs we have been forced to implement customer price increases across all chemical products (where contracts allow), from Q4 of 2021.

We have received confirmation that the European energy scheme will be extended, which was introduced to compensate energy intensive industries for high-energy costs, removing or reducing the commitment to pay for the renewable obligations (RO and FIT elements) of energy bills. This has provided a significant reduction to our energy costs in 2020 and the UK government has now confirmed replacement of the existing European scheme beyond 2022.

We recognise that we will continue to face exceptional challenges through 2021, as the pandemic remains with us and its economic affects far reaching across the economy and UK manufacturing. Nevertheless, we are confident that we have a robust business, ready to meet any challenges head on.

Indeed the Group has seen a very strong start to 2021, with year to date Turnover to July of £66.12m (£67.8m Budget) and EBITDA of £5.75m (£6.34m Budget). Overall, we have seen strong demand across all products and market segments in the first half of 2021.

Overhead cost reductions in initiatives in place during 2020 remain a focus in 2021, improving operational performance and cashflow. This continues to be demonstrated in 2021, with the further reductions in bank debt and a stronger balance sheet.

The Board remain committed to further investment in its UK manufacturing capability and staff, despite the current economic uncertainty. The Group will continue to drive efficiencies throughout UK operations, with a focus on productivity and value for money, driving down operational costs across a number of key product lines. The fundamentals of the business are very strong.

On behalf of the Board of Directors, I would like to take this opportunity to thank our employees for their considerable commitment and our customers, suppliers and business partners for the trust they place in us and our strong working relationship, despite all the challenges we have all faced due to the COVID-19 pandemic.

PRINCIPAL RISK & UNCERTAINTIES

In addition to the factors described elsewhere in this Annual Report, the following are the most significant known factors, risk and uncertainties that could cause actual results to differ materially from those expected in the Boards of Directors outlook for 2021.

Economic, Political & Trade Uncertainty

The deterioration of the global economy and financial markets due to the current Global pandemic could affect the Group's results, financial condition and cash flows. In addition, the Group's ability to access the credit and capital markets under attractive rates and terms would be affected, which would negatively impact on the Group's liquidity and our ability to pursue certain growth initiatives.

The Group prepares strategic plans to review demand in existing markets and potential new opportunities on a regular basis, responding rapidly to changing market conditions, taking necessary mitigating actions where required and using appropriate bank and alternative hedging facilities where applicable to ensure we adapt to any economic conditions.

Financial Impact of the UK exit from Europe

The UK's conclusion to the European Union (Brexit) negotiations have resulted in challenges. In order to ensure that our business remains sustainable, we have put into effect a number of strategies with the aim of making the transition away from EU membership as seamless as possible for both the Group and our valued business partners.

INDUSTRIAL CHEMICALS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

There is still considerable uncertainty as the new agreements and legislations are implemented and therefore our plans are intended to allow for a large degree of flexibility. We have considered the potential impact of changes to Customs borders, tariffs, costs and administrative workload, as well as the likelihood of exchange rate volatility.

We have researched the implications of potential tariff and duty changes, as well as possible increased lead times. We have undertaken a review of our supply chain to mitigate the impact of any major changes following Brexit and accept that policies and processes may require amendment in due course. We are adopting two new regulatory requirements including REACH registration.

As a supplier to and purchaser from many Non-EU countries around the world, the Group is well versed with the demands of international trade. We have every confidence in the skill and expertise of our administrative staff and their understanding of export procedures to be able to cope with and adapt swiftly to any further changes necessitated by Brexit. Additionally, we widely employ the services of forwarders and agents who have "Approved Economic Operator" status.

Loss/Financial Weakness of Large Customers

Although the Group has an extensive customer base, loss of or material financial weakness of, certain of our largest customers could adversely affect the Group's financial condition and results until such business is replaced. No assurance can be made that the Group would be able to regain or replace any lost customers.

The Group supplies predominantly well-established diverse customer markets on long term contracts, coupled with long term suppliers and a wide portfolio of products, which aids to mitigate this risk. The Group strategy remains to expand our customer portfolio further and secure long term contracts where possible.

Technological Failure of Change

Failure to keep pace with changes within the highly competitive markets, in which the Group operates could result in a lack of competitive products or processes and could result in erosion of margin and loss of market share.

The Group continues the innovation of its existing product portfolio, supporting the current customer base, to ensure the product range remains compliant with legislation and cost effective for all stakeholders. Coupled with further investment into research and development in all areas of the business, from new products, processes and services to maximise the return for all stakeholders.

The Group is also investing heavily into its business systems staff and infrastructure, to ensure that we remain at the forefront of this vital business resource.

Information Technology Systems Failure

The Group uses a wide variety of complex IT systems in operational and supporting activities. Failure of more than one of the major systems over an extended period could impact on the ability to manufacture or to report operational performance, ultimately impacting on the Group's profitability.

The Group continuously reviews IT infrastructure and the network environment, to ensure that it has an appropriate robust IT disaster recovery and general business continuity plan. These plans are regularly reviewed and tested, ensuring the continuation of the business systems in the most extreme of circumstances.

INDUSTRIAL CHEMICALS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Failure of Significant Sites

Whilst the Group operates from a variety of locations, certain sites are critical due to their scale of specific nature of production activities. Failure of a critical site could significantly impact overall performance.

Business continuity plans include consideration and testing of circumstances in which alternative back up locations may be required. Where possible the Group has replicated significant manufacturing processes across its operations to continue market supply. The Group has also invested in inventory of critical plant and machinery replacements units to further mitigate risk.

Coronavirus (COVID-19) Assessment

The impact on the Group arising from the uncertainty of the recent COVID-19 outbreak has been considered by the Directors.

Management have considered updated financial forecasts. Based upon the information available, the Directors consider that the Group has ample liquidity to continue business for at least the next 12 months as a going concern. The Group has the continued support of its banking partners in Lloyds Bank and additional facilities are available if required.

The Directors have reviewed the assets of the business and do not believe there to be any impairments arising as a result of the pandemic.

As a key supplier to the industries at the forefront of fighting the virus and following consultation with our Trade Association, the Directors are of the opinion that the Group is a critical business, falling within the criteria issued by the Regulators.

All of the Group's sites and operations have been risk assessed and appropriate safety systems and measures have been put in place to ensure the continued safety of our staff during this time. The Directors will review this situation periodically and adjust the Group's response as appropriate to continue to maintain the safe operation of the Group.

To date, there has been no material impact on the Group arising from the COVID-19 outbreak and the Directors continue to monitor the situation very closely.

INDUSTRIAL CHEMICALS GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Sales and Gross Profit growth per annum

	2018	2019	2020
Turnover £	122,189,561 (100%)	127,857,374 (105%)	129,591,005 (106%)
Gross Profit £	47,311,848 (100%)	51,855,043 (110%)	55,050,254 (116%)

Turnover by geographical region

	2018	2019	2020
United Kingdom £	107,049,023 (100%)	114,077,060 (107%)	112,423,166 (105%)
European Union £	4,191,179 (100%)	3,553,508 (84.8%)	4,927,789 (118%)
Rest of World £	10,949,359 (100%)	10,226,806 (93.4%)	12,240,050 (112%)
Total £	122,189,561 (100%)	127,857,374 (105%)	129,591,005 (106%)

Stocks and debtors profile

	2018	2019	2020
Raw materials £	3,145,898 (100%)	3,595,679 (114%)	1,243,896 (39.5%)
Finished goods £	4,669,557 (100%)	3,593,322 (77.0%)	3,114,879 (66.7%)
Trade Debtors £	16,294,776 (100%)	15,150,588 (93.0%)	12,904,571 (79.2%)
Debtor Days (DSO)	49	43	36

On behalf of the board



E Strang
Director

Date: 20/12/21

INDUSTRIAL CHEMICALS GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

AR Carver
CD Carver
E Strang

Results and dividends

The results for the year are set out on page 19.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Research and development

The group is engaged in several programmes of research and development in support of the products and services that it provides to its existing customer base and also in development of new products and services to continue its growth.

Environment and legislation

The Directors are pleased to report that the group's operations are conducted such that it complies with all legal requirements and especially those relating to the environment. The management have been focused on best practice health and safety processes, with significant resources being applied in this area.

European legislation and compliance with industry benchmark systems, including REACH, will continue to impact upon the group. The directors are fully committed to meet these requirements.

Disabled persons

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group policy where practicable, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

INDUSTRIAL CHEMICALS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Employee involvement

Diversity

The group practice equal opportunities and welcome diversity in all its forms, recognising the value of diversity in the workplace and its rewards of encouraging creativity, broader cultural understanding and access to a wider pool of talent.

Employee engagement

Employee engagement is about making sure that our people feel involved in the Group and are committed to its goals. If we are to keep them engaged, communication must be two way with a culture that encourages employee feedback.

To this end the group communicates with employees by a number of means including meetings, announcements and electronic media to further understanding and engagement in the group's overall goals and objectives.

Employee training and development

The group's success in developing people is based on finding the right blend of learning on the job, through engaging and challenging tasks, learning from colleagues through collaboration, coaching and mentoring, and formal learning through structured training, education and development programmes.

The group will continue to develop and promote what it considers the right combination of learning experiences that help accelerate personal development. Each company in the group continues to provide tailored initiatives to meet their business needs, including financial training programmes, health and safety training, leadership skills, technical training and apprenticeships.

The group remains committed to providing opportunities for career advancement. In some areas the group has recruited from external markets, as a result of specific skills requirements such as IT or CAD design for example.

Business relationships

Details of our relationship with our customers and suppliers are set out in the strategic report.

Auditor

In accordance with the company's articles, a resolution proposing that Rickard Luckin Limited be reappointed as auditor of the group will be put at a General Meeting.

INDUSTRIAL CHEMICALS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Energy and carbon report

The group has followed the 2019 HM Government Environmental Reporting Guidelines. The group has also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting

During the year the Group's annual quantity of CO2 equivalent emissions were broken down as follows:

		2018	2019	2020
Electricity	Tonnes CO2e	71,765	56,782	51,926
Gas	Tonnes CO2e	14,272	12,907	12,510
Gas oil	Tonnes CO2e	2,144	1,502	1,799
Road fuel	Tonnes CO2e	6,000	4,914	4,514
Total	Tonnes CO2e	94,181	76,105	70,749

The annual quantity of energy consumes resulting from the purchase of electricity and consumption of gas was:

		2018	2019	2020
Electricity	kWh	253,523,772	222,153,714	222,726,529
Gas	kWh	77,583,038	70,332,933	68,039,700
Total	kWh	331,106,810	292,486,647	290,766,229

The Group looks at ways to improve its environmental impact and energy efficiency. As a large energy consumer both for our in-house transport fleet and for our production facilities across the UK, energy consumption is a key metric that we monitor constantly.

We have invested heavily in the most modern transport fleet to drive reductions in our diesel consumption and improve our overall transport operational efficiency.

Our engineering team constantly review the mechanical operations of our plants nationwide, ensuring that the equipment used is the most energy efficient, maximising our production, whilst ensuring our energy consumption and emissions are as low as possible.

This focus reduction evident in our data mutually benefits the business and our stakeholders, as we look at every opportunity to maintain competitive pricing for our customers, through lower energy consumption, but also helping to meet our commitment to lower emissions across the UK.

The total annual emissions in proportion to the Group's average number of employees for the last 3 years is as follows:

	2018	2019	2020
Number of employees	516	500	493
Tonnes CO2e per employee	183	152	144

INDUSTRIAL CHEMICALS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

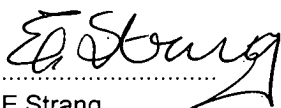
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



E Strang
Director

Date: 21/12/21

INDUSTRIAL CHEMICALS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INDUSTRIAL CHEMICALS GROUP LIMITED

Opinion

We have audited the financial statements of Industrial Chemicals Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's 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.

Emphasis of matter on the fair values of tangible fixed asset land & buildings and investment properties

We draw attention to notes 2 and 14 in the financial statements in respect of the carrying values of the tangible fixed asset land & buildings and investment properties. As explained in notes 2 and 14 in the financial statements, the fair values of the tangible fixed asset land & buildings and investment properties in the group and the parent company were last valued in 2017 and the directors have reviewed these valuations and revised these valuations where appropriate at the balance sheet date. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDUSTRIAL CHEMICALS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INDUSTRIAL CHEMICALS GROUP LIMITED

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

INDUSTRIAL CHEMICALS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INDUSTRIAL CHEMICALS GROUP LIMITED

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Capability of the audit in detecting irregularity, including fraud

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our: general commercial and sector experience; through verbal and written communications with those charged with governance and other management; and via inspection of the parent company's regulatory and legal correspondence.

We discussed with those charged with governance and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations to our team and remained alert to any indicators of non-compliance throughout the audit, we also specifically considered where and how fraud may occur within the group and the parent company.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the parent company and the group are subject to laws and regulations that directly affect the financial statements, including: the company's constitution; relevant financial reporting standards; company law; tax legislation and distributable profits legislation and we assess the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly the parent company and the group are subject to many other laws and regulations where the consequences of non-compliance could have a material effect on the amounts or disclosures in the financial statements, for instance through the imposition of fines and penalties, or through losses arising from litigations. We identified the following areas as those most likely to have such an affect: operating licences regarding the handling of chemicals and waste; employment legislation; health and safety and environmental legislation; trade legislation; data protection legislation; anti-bribery and anti-corruption legislation.

ISAs (UK) limit the required procedures to identify non-compliance with these laws and regulations to the procedures, and no procedures over and above those already noted are required.

In relation to fraud, we performed the following specific procedures in addition to those already noted:

- Challenging assumptions made by management in its significant accounting estimates in particular: valuations of tangible fixed asset land and buildings and investment properties, valuation of stock provisions, depreciation and waste provision;
- Identifying and testing journal entries, in particular any entries posted with unusual nominal ledger account combinations, journal entries crediting any revenue account and journal entries posted by senior management;
- Performing analytical procedures to identify unexpected movements in account balances which may be indicative of fraud;
- Ensuring that testing undertaken on both the performance statement, and the Balance Sheet includes a number of items selected on a random basis; and
- Discussions with management.

INDUSTRIAL CHEMICALS GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INDUSTRIAL CHEMICALS GROUP LIMITED

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with ISAs (UK). For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the procedures that we are required to undertake would identify it. In addition, as with any audit, there remains a high risk of non-detection of irregularities, as these might involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal controls. We are not responsible for preventing non-compliance with laws and regulations or fraud, and cannot be expected to detect non-compliance with all laws and regulations or every incidence of fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

Janis Osborne (Senior Statutory Auditor)
For and on behalf of Rickard Luckin Limited

22 December 2021

Chartered Accountants
Statutory Auditor

1st Floor
County House
100 New London Road
Chelmsford
Essex
CM2 0RG

INDUSTRIAL CHEMICALS GROUP LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	129,591,005	127,857,374
Cost of sales		(74,540,751)	(76,002,331)
Gross profit		55,050,254	51,855,043
Distribution costs		(19,544,960)	(19,714,027)
Administrative expenses		(29,449,884)	(28,953,274)
Other operating income		129,381	122,401
Exceptional items	4	8,309,786	-
Operating profit	5	14,494,577	3,310,143
Interest receivable and similar income	9	1	949
Interest payable and similar expenses	10	(977,945)	(1,076,092)
Profit before taxation		13,516,633	2,235,000
Tax on profit	11	(931,247)	64,173
Profit for the financial year	29	12,585,386	2,299,173

Profit for the financial year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

INDUSTRIAL CHEMICALS GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Profit for the year	12,585,386	2,299,173
Other comprehensive income		
Revaluation of tangible fixed assets	(455,071)	-
Currency translation differences	16,541	(16,446)
Tax relating to other comprehensive income	-	106,200
Other comprehensive income for the year	(438,530)	89,754
Total comprehensive income for the year	12,146,856	2,388,927

Total comprehensive income for the year is all attributable to the owners of the parent company.

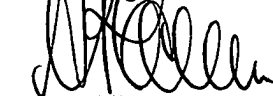
INDUSTRIAL CHEMICALS GROUP LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	13	77,805,574		83,170,732	
Investment properties	14	9,400,000		9,400,000	
		<u>87,205,574</u>		<u>92,570,732</u>	
Current assets					
Stocks	18	4,358,775	7,189,001		
Debtors	19	18,337,387	20,226,083		
Investments	20	11,023,000	-		
Cash at bank and in hand		1,324,049	530,964		
		<u>35,043,211</u>	<u>27,946,048</u>		
Creditors: amounts falling due within one year	21	<u>(39,413,211)</u>	<u>(43,194,798)</u>		
Net current liabilities		<u>(4,370,000)</u>		<u>(15,248,750)</u>	
Total assets less current liabilities		<u>82,835,574</u>		<u>77,321,982</u>	
Creditors: amounts falling due after more than one year	22	(15,652,217)		(22,251,326)	
Provisions for liabilities					
Provisions	25	258,555	292,710		
Deferred tax liability	26	2,550,000	2,550,000		
		<u>(2,808,555)</u>	<u>(2,842,710)</u>		
Net assets		<u>64,374,802</u>		<u>52,227,946</u>	
Capital and reserves					
Called up share capital	28	7,060,000	7,060,000		
Revaluation reserve	29	19,235,780	19,690,851		
Profit and loss reserves	29	38,079,022	25,477,095		
Total equity		<u>64,374,802</u>		<u>52,227,946</u>	

The financial statements were approved by the board of directors and authorised for issue on 21/12/20 and are signed on its behalf by:



AR Carver
Director

INDUSTRIAL CHEMICALS GROUP LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	13	41,564,805		46,142,091	
Investment properties	14	47,741,789		48,196,860	
Investments	15		4		4
		89,306,598		94,338,955	
Current assets					
Debtors	19	3,947,276		9,037,463	
Cash at bank and in hand		1,057,407		504,703	
		5,004,683		9,542,166	
Creditors: amounts falling due within one year	21	(41,912,458)		(40,509,829)	
Net current liabilities			(36,907,775)		(30,967,663)
Total assets less current liabilities			52,398,823		63,371,292
Creditors: amounts falling due after more than one year	22		(15,652,217)		(22,251,326)
Provisions for liabilities					
Deferred tax liability	26	2,575,000		2,575,000	
			(2,575,000)		(2,575,000)
Net assets			34,171,606		38,544,966
Capital and reserves					
Called up share capital	28	7,060,000		7,060,000	
Profit and loss reserves	29	27,111,606		31,484,966	
Total equity			34,171,606		38,544,966

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £4,373,360 (2019 - £994,525 profit).

The financial statements were approved by the board of directors and authorised for issue on 20/12/21 and signed on its behalf by:



AR Carver
Director

Company Registration No. 01248371

INDUSTRIAL CHEMICALS GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2019	7,060,000	19,584,651	23,194,368	49,839,019
Year ended 31 December 2019:				
Profit for the year	-	-	2,299,173	2,299,173
Other comprehensive income:				
Currency translation differences	-	-	(16,446)	(16,446)
Tax relating to other comprehensive income	-	106,200	-	106,200
Total comprehensive income for the year	-	106,200	2,282,727	2,388,927
Balance at 31 December 2019	7,060,000	19,690,851	25,477,095	52,227,946
Year ended 31 December 2020:				
Profit for the year	-	-	12,585,386	12,585,386
Other comprehensive income:				
Revaluation of tangible fixed assets	-	(455,071)	-	(455,071)
Currency translation differences	-	-	16,541	16,541
Total comprehensive income for the year	-	(455,071)	12,601,927	12,146,856
Balance at 31 December 2020	7,060,000	19,235,780	38,079,022	64,374,802

INDUSTRIAL CHEMICALS GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2019	7,060,000	30,490,441	37,550,441
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	994,525	994,525
Balance at 31 December 2019	7,060,000	31,484,966	38,544,966
Year ended 31 December 2020:			
Loss and total comprehensive income for the year	-	(4,373,360)	(4,373,360)
Balance at 31 December 2020	7,060,000	27,111,606	34,171,606

INDUSTRIAL CHEMICALS GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	36	14,667,258		11,150,875	
Interest paid		(977,945)		(1,076,092)	
Income taxes paid		(151,720)		(242,001)	
Net cash inflow from operating activities		<u>13,537,593</u>		<u>9,832,782</u>	
Investing activities					
Purchase of tangible fixed assets		(2,952,337)		(4,046,797)	
Proceeds on disposal of tangible fixed assets		346,232		273,499	
Interest received		1		949	
Net cash used in investing activities		<u>(2,606,104)</u>		<u>(3,772,349)</u>	
Financing activities					
Repayment of borrowings		(2,439,071)		(1,883,549)	
Repayment of bank loans		(3,900,000)		(2,500,000)	
Payment of finance leases obligations		(395,315)		(589,399)	
Net cash used in financing activities		<u>(6,734,386)</u>		<u>(4,972,948)</u>	
Net increase in cash and cash equivalents		<u>4,197,103</u>		<u>1,087,485</u>	
Cash and cash equivalents at beginning of year		(12,392,510)		(13,479,995)	
Cash and cash equivalents at end of year		<u><u>(8,195,407)</u></u>		<u><u>(12,392,510)</u></u>	
Relating to:					
Cash at bank and in hand		1,324,049		530,964	
Bank overdrafts included in creditors payable within one year		<u><u>(9,519,456)</u></u>		<u><u>(12,923,474)</u></u>	

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Industrial Chemicals Group Limited ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is Titan Works, Hogg Lane, Grays, Essex, RM17 5DU.

The Group consists of Industrial Chemicals Group Limited and all of its subsidiaries.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where this company prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Industrial Chemicals Group Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries that are held exclusively for resale and that have not been previously consolidated are not consolidated into the group financial statements. The investment in the subsidiary is instead held at its recoverable amount with any impairment costs charged to the profit and loss account.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.3 Going concern

During and since the year end, the trade and operations of the group have been partially impacted by the restrictions in force across the UK and Europe due to the COVID-19 pandemic. The directors have taken all the necessary measures to ensure the group has been able to continue to operate and meet customer demand for its products in a safe manner for both its employees and customers.

At the time of approving the financial statements, the directors have a reasonable expectation that the company and the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 5 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	2% straight line
Property renovations	2% and 10% straight line
Plant and machinery	10% and 20% straight line
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

Property rented to a group entity is accounted for as tangible fixed assets.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

Cost is calculated at the cost of the purchase of raw materials including delivery charges on a first in, first out basis and in some instances a weighted average cost, together with the direct cost of conversion including an appropriate allocation of production overhead costs based on normal utilisation rates of production plants, provided that they are related to the production process. Borrowing costs are not included in the cost of conversion.

For weighted average cost, the stock entering the system is as above, but out going stock is calculated at an ongoing weighted charge.

Net realisable value is based on the estimated selling price in the ordinary course of business less further costs to completion and disposal.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.14 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.15 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.16 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.17 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.18 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.19 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.20 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.21 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.22 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.23 Management charges

Appropriate overheads are apportioned between the trading companies.

1.24 Exceptional items

Income and expenses classified as exceptional are shown separately on the face of the profit and loss account. Income and expenses are treated as exceptional in nature if they are significant one off income or expenses and are not expected to reoccur.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Valuation of investment properties

Investment properties are held at fair value and where there is a mixed use of land and buildings, this is apportioned between tangible fixed assets and investment properties, in accordance with FRS 102. The investment properties and tangible fixed asset land and buildings were valued by a firm of independent Chartered Surveyors in August 2017.

Due to the pandemic and the lock down in England at the year end, the directors were unable to get full valuations of each site. The directors have reviewed and revised the valuations of the investment properties and tangible fixed asset land and buildings where appropriate as at 31 December 2020 to their fair values as at the year end date. These valuations are the directors best estimates of their fair values at the year end date.

Recoverability of group and related company debtors

The directors have reviewed the recoverability of group and related party debtor balances as at 31 December 2020 and where appropriate, provisions have been made. The directors have concluded that the net balances after provisions are fully recoverable.

Overhead absorption in stock and work in progress

In accordance with FRS 102, a proportion of direct overheads relating to the production of stock is included in the cost of stock. This involves a certain amount of estimation in calculating the level of overheads to be included in the cost.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2020 £	2019 £
Turnover analysed by class of business		
Sales of goods	122,711,546	122,159,624
Sale of services	6,534,759	5,350,050
Rental income	344,700	347,700
	<u>129,591,005</u>	<u>127,857,374</u>

	2020 £	2019 £
Other significant revenue		
Interest income	1	949
Grants received	74,804	-
Other income	54,577	122,401
	<u>129,591,005</u>	<u>127,857,374</u>

	2020 £	2019 £
Turnover analysed by geographical market		
United Kingdom	112,423,166	114,077,060
European Union	4,927,789	3,553,508
Non European Union	12,240,050	10,226,806
	<u>129,591,005</u>	<u>127,857,374</u>

4 Exceptional items

	2020 £	2019 £
Exceptional income and expenditure		
Exceptional profit on sale of division	(10,171,771)	-
Impairment of current asset investment	1,238,719	-
Legal and professional fees	506,224	-
Waste disposal	117,042	-
	<u>(8,309,786)</u>	<u>-</u>

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

(Continued)

4 Exceptional items

The profit on sale of a division relates to a hive down of the trade and assets to a new wholly owned subsidiary at the year end, ICL Packed Limited, in exchange for £12.2m ordinary shares in that company. After the year end, this subsidiary was sold to a third party for £11m.

The exceptional impairment provision of £1.2m relates to the write down of the investment in ICL Packed Limited to its recoverable value.

During the year professional fees were incurred in respect of a strategic business review and for operational support for one of the group's subsidiaries in the U.S.

During the year disposal of waste at the site in the U.S. commenced and the provision for the estimated costs of completion of the outstanding work in respect of the clean up has been revised.

5 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	118,000	(46,580)
Research and development costs	41,437	445,982
Government grants	(74,804)	-
Depreciation of owned tangible fixed assets	7,182,230	7,826,204
Depreciation of tangible fixed assets held under finance leases	284,479	339,024
Loss/(profit) on disposal of tangible fixed assets	23,522	(108,884)
Operating lease charges	1,579,394	352,962
	<u> </u>	<u> </u>

6 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	36,500	34,500
Audit of the financial statements of the company's subsidiaries	53,758	51,305
	<u>90,258</u>	<u>85,805</u>
For other services		
Taxation compliance services	15,000	17,500
All other non-audit services	24,325	7,940
	<u>39,325</u>	<u>25,440</u>

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

7 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Administration	112	114	2	2
Directors	3	4	3	4
Production and maintenance	378	382	-	-
Total	493	500	5	6

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	20,455,564	19,926,048	629,509	747,005
Social security costs	2,283,517	2,185,991	80,570	91,909
Pension costs	621,349	555,519	19,805	18,389
	23,360,430	22,667,558	729,884	857,303
Redundancy payments made or committed	-	173,002	-	-

8 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	472,194	581,357
Company pension contributions to defined contribution schemes	11,663	10,702
	483,857	592,059

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019 - 2).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	160,774	184,856
Company pension contributions to defined contribution schemes	6,359	5,827

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Other interest income	1	949
	<u>1</u>	<u>949</u>

10 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	939,052	1,031,115
Other interest on financial liabilities	5,529	10,774
	<u>944,581</u>	<u>1,041,889</u>
Other finance costs:		
Interest on finance leases and hire purchase contracts	22,570	34,203
Other interest	10,794	-
	<u>33,364</u>	<u>34,203</u>
Total finance costs	<u>977,945</u>	<u>1,076,092</u>

11 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	948,904	353,628
Adjustments in respect of prior periods	(21,029)	(274,001)
	<u>927,875</u>	<u>79,627</u>
Total UK current tax	<u>927,875</u>	<u>79,627</u>
Foreign current tax on profits for the current period	3,372	-
	<u>3,372</u>	<u>-</u>
Total current tax	<u>931,247</u>	<u>79,627</u>
Deferred tax		
Origination and reversal of timing differences	-	(143,800)
	<u>-</u>	<u>(143,800)</u>
Total tax charge/(credit)	<u>931,247</u>	<u>(64,173)</u>

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Taxation

(Continued)

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	13,516,633	2,235,000
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	2,568,160	424,650
Tax effect of expenses that are not deductible in determining taxable profit	241,893	(7,091)
Tax effect of income not taxable in determining taxable profit	(1,932,636)	-
Change in unrecognised deferred tax assets	56,546	-
Effect of change in corporation tax rate	14,941	-
Permanent capital allowances in excess of depreciation	-	(9,199)
Research and development tax credit	-	(60,872)
Other permanent differences	-	6,140
Effect of overseas tax rates	3,372	-
Under/(over) provided in prior years	(21,029)	(274,001)
Deferred tax movement	-	(143,800)
Taxation charge/(credit)	931,247	(64,173)

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020 £	2019 £
Deferred tax arising on:		
Revaluation of property	-	(106,200)

The group has estimated losses of £1,292,000 (2019: £1,235,000) available for carry forward against future trading profits.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12 Intangible fixed assets

Group	Goodwill and licences £
Cost	
At 1 January 2020	2,600,000
Disposals	(2,600,000)
	<hr/>
At 31 December 2020	-
	<hr/>
Amortisation and impairment	
At 1 January 2020	2,600,000
Eliminated on revaluation	(2,600,000)
	<hr/>
At 31 December 2020	-
	<hr/>
Carrying amount	
At 31 December 2020	-
	<hr/>
At 31 December 2019	-
	<hr/>
Company	Goodwill and licences £
Cost	
At 1 January 2020	2,600,000
Disposals	(2,600,000)
	<hr/>
At 31 December 2020	-
	<hr/>
Amortisation and impairment	
At 1 January 2020	2,600,000
Eliminated on revaluation	(2,600,000)
	<hr/>
At 31 December 2020	-
	<hr/>
Carrying amount	
At 31 December 2020	-
	<hr/>
At 31 December 2019	-
	<hr/>

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Tangible fixed assets

Group	Land and buildings Freehold	Property renovations	Assets under construction	Plant and Motor vehicles machinery	Total	
	£	£	£	£	£	
Cost or valuation						
At 1 January 2020	39,425,456	3,341,809	8,102,432	129,937,259	7,039,151	187,846,107
Additions	-	6,621	277,945	2,655,771	12,000	2,952,337
Disposals	-	-	-	(667,353)	(660,129)	(1,327,482)
Revaluation	(455,071)	-	-	-	-	(455,071)
Exchange adjustments	(15,345)	-	-	(332,768)	(1,306)	(349,419)
Transfer from assets under construction	-	-	(815,358)	815,358	-	-
At 31 December 2020	38,955,040	3,348,430	7,565,019	132,408,267	6,389,716	188,666,472
Depreciation and impairment						
At 1 January 2020	1,071,193	1,851,561	-	96,060,433	5,692,188	104,675,375
Depreciation charged in the year	262,734	82,514	-	6,415,098	706,363	7,466,709
Eliminated in respect of disposals	-	-	-	(342,711)	(615,017)	(957,728)
Exchange adjustments	(4,217)	-	-	(318,330)	(911)	(323,458)
At 31 December 2020	1,329,710	1,934,075	-	101,814,490	5,782,623	110,860,898
Carrying amount						
At 31 December 2020	37,625,330	1,414,355	7,565,019	30,593,777	607,093	77,805,574
At 31 December 2019	38,354,263	1,490,248	8,102,432	33,876,826	1,346,963	83,170,732

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Company	Property renovations £	Assets under construction £	Plant and Motor vehicles machinery £	£	Total £
Cost or valuation					
At 1 January 2020	3,341,809	8,102,432	108,871,419	6,942,651	127,258,311
Additions	6,621	277,945	2,631,252	12,000	2,927,818
Disposals	-	-	(667,353)	(633,542)	(1,300,895)
Transfer from assets under construction	-	(815,358)	815,358	-	-
At 31 December 2020	3,348,430	7,565,019	111,650,676	6,321,109	128,885,234
Depreciation and impairment					
At 1 January 2020	1,851,561	-	73,656,660	5,607,999	81,116,220
Depreciation charged in the year	82,514	-	6,356,968	706,126	7,145,608
Eliminated in respect of disposals	-	-	(342,711)	(598,688)	(941,399)
At 31 December 2020	1,934,075	-	79,670,917	5,715,437	87,320,429
Carrying amount					
At 31 December 2020	1,414,355	7,565,019	31,979,759	605,672	41,564,805
At 31 December 2019	1,490,248	8,102,432	35,214,759	1,334,652	46,142,091

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2020 £	2019 £	Company 2020 £	2019 £
Plant and machinery	30,062	42,087	30,062	42,087
Motor vehicles	532,313	917,552	532,313	917,552
	562,375	959,639	562,375	959,639

Freehold land and buildings owned by the parent company were revalued on an open market basis by a firm of independent Chartered Surveyors in August 2017 for £38.7m and were reviewed and updated by the directors as at 31 December 2020.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Cost	20,201,460	20,201,460	-	-
Accumulated depreciation	3,246,730	2,842,701	-	-
Carrying value	16,954,730	17,358,759	-	-

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

13 Tangible fixed assets

(Continued)

The revaluation surplus is disclosed in note 29.

14 Investment property

	Group 2020 £	Company 2020 £
Fair value		
At 1 January 2020	9,400,000	48,196,860
Net gains or losses through fair value adjustments	-	(455,071)
At 31 December 2020	9,400,000	47,741,789

The fair value of the investment properties in the group has been arrived at on the basis of a valuation carried out in August 2017 for £9.4m by a firm of independent Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. The directors have reviewed this valuation as at 31 December 2020 and concluded there is no change in its value.

The fair value of the investment properties in the parent company has been arrived at on the basis of a valuation carried out in August 2017 for £48.1m by a firm of independent Chartered Surveyors, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. During the year, the directors revised the values of two of the sites leading to a net decrease in value from £48.1m to £47.7m following a review of one of the sites by an external consultant and an offer on another site. The directors concluded that none of the other sites had changed in value at the year end.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Cost	1,959,291	1,959,291	22,160,751	22,160,751
Accumulated depreciation	-	-	-	-
Carrying amount	1,959,291	1,959,291	22,160,751	22,160,751

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

15 Fixed asset investments

			Company	
		Unlisted investments	Shares in group undertakings	Total
	Notes	£	£	£
Cost or valuation				
At 1 January 2020 and at 31 December 2020	16	8,000,000	1,102	8,001,102
Provisions for diminution in value				
At 1 January 2020 and at 31 December 2020		8,000,000	1,098	8,001,098
Net book value				
At 31 December 2020		-	4	4
At 1 January 2020		-	4	4

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Industrial Chemicals (US) Limited	England and Wales	Ordinary & preference	100.00	-
Industrial Chemicals Limited	England and Wales	Ordinary	100.00	-
Industrial Zeolite (US) Limited	England and Wales	Ordinary	100.00	-
ICL Packed Limited	England & Wales	Ordinary	-	100.00

ICL Packed Limited has been excluded from the consolidated financial information as it is held exclusively for sale. As at the balance sheet date the subsidiary had not yet reached its first reporting date and therefore no aggregate capital and reserves or profit and loss has been disclosed.

17 Financial instruments

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	35,928	35,928	35,928	35,928

During the current and prior year, the company had an interest rate swap arrangement with the bank. The potential liability arising from this at the year end amounted to £35,928 (2019: £35,928). There was a net credit of £nil (2019: £nil) to the Profit and Loss account in respect of this arrangement.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

18 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Raw materials and consumables	1,243,896	3,595,679	-	-
Finished goods and goods for resale	3,114,879	3,593,322	-	-
	<u>4,358,775</u>	<u>7,189,001</u>	<u>-</u>	<u>-</u>

Stock included raw materials and finished goods that are subject to reservation of title until they have been fully paid for.

During the year there was a charge of £1,326,665 to cost of sales for the impairment of stock which will no longer be used in production, to write this stock down to its net realisable value.

19 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	12,904,571	15,150,588	-	-
Corporation tax recoverable	514,933	469,820	514,933	469,820
Amounts owed by group undertakings	-	-	-	4,436,851
Other debtors	3,397,752	3,817,871	3,315,946	3,770,288
Prepayments and accrued income	1,520,131	787,804	116,397	360,504
	<u>18,337,387</u>	<u>20,226,083</u>	<u>3,947,276</u>	<u>9,037,463</u>

Trade debtors disclosed above are measured at amortised cost.

During the year the parent company increased a provision made for a balance due from a subsidiary which was deemed to be no longer recoverable for £4,285,894. The total provision at the year end amounted to £7,535,894.

20 Current asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	16	<u>11,023,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

During the year the trade and assets of the group's packed division was hived down to a newly incorporated subsidiary, ICL Packed Limited. Current asset investments consists of the investment in ordinary shares of ICL Packed Limited held at cost less an impairment provision of £1.2m to write the asset down to its recoverable amount. After the year end this subsidiary was sold for £11m.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

21 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	23	14,419,456	15,423,474	4,900,000	2,500,000
Obligations under finance leases	24	199,634	295,840	199,634	295,840
Other borrowings	23	764,781	3,203,852	764,781	3,203,852
Trade creditors		12,775,233	15,168,549	91,758	83,344
Amounts owed to group undertakings		37,758	-	30,610,711	30,685,856
Corporation tax payable		1,280,013	455,373	378,261	148,182
Other taxation and social security		1,410,756	2,134,232	111,228	27,276
Other creditors		5,623,790	4,358,699	4,719,972	3,448,487
Accruals and deferred income		2,901,790	2,154,779	136,113	116,992
		<u>39,413,211</u>	<u>43,194,798</u>	<u>41,912,458</u>	<u>40,509,829</u>

HM Revenue & Customs have a guarantee over the bank current account for any amount due to them up to £200,000.

Included within other creditors for the group is an amount of \$450,000 (2019: \$450,000) which is secured against a fixed and floating charge over the assets of Industrial Zeolite (US) Limited.

22 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	23	15,575,000	21,875,000	15,575,000	21,875,000
Obligations under finance leases	24	41,289	340,398	41,289	340,398
Derivative financial instruments		35,928	35,928	35,928	35,928
		<u>15,652,217</u>	<u>22,251,326</u>	<u>15,652,217</u>	<u>22,251,326</u>

23 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	20,475,000	24,375,000	20,475,000	24,375,000
Bank overdrafts	9,519,456	12,923,474	-	-
Other loans	764,781	3,203,852	764,781	3,203,852
	<u>30,759,237</u>	<u>40,502,326</u>	<u>21,239,781</u>	<u>27,578,852</u>
Payable within one year	15,184,237	18,627,326	5,664,781	5,703,852
Payable after one year	15,575,000	21,875,000	15,575,000	21,875,000

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

23 Loans and overdrafts

(Continued)

The bank loans and overdrafts are secured by a fixed and floating charge over the property, chattels and assets of the group.

The bank overdraft relates to a confidential invoice discounting scheme which is secured against the corresponding sales invoices. It is also secured by personal guarantees from the estate of JW Carver, CD Carver and AR Carver, the directors of the company, in the event of certain conditions being present and there is a loss to the providers of the scheme.

Directors loans and Trust loans are secured by a fixed and floating charge over the present and future property and assets of the group.

24 Finance lease obligations

	Group 2020 £	2019 £	Company 2020 £	2019 £
Future minimum lease payments due under finance leases:				
Within one year	209,792	358,453	209,792	358,453
In two to five years	44,115	392,395	44,115	392,395
	<u>253,907</u>	<u>750,848</u>	<u>253,907</u>	<u>750,848</u>
Less: future finance charges	(12,984)	(114,610)	(12,984)	(114,610)
	<u>240,923</u>	<u>636,238</u>	<u>240,923</u>	<u>636,238</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Net obligations under finance leases and hire purchase contracts are secured by a fixed charge over the assets to which they relate.

25 Provisions for liabilities

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Other provisions		258,555	292,710	-	-
Deferred tax liabilities	26	2,550,000	2,550,000	2,575,000	2,575,000
		<u>2,808,555</u>	<u>2,842,710</u>	<u>2,575,000</u>	<u>2,575,000</u>

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

25 Provisions for liabilities

(Continued)

Movements on provisions apart from deferred tax liabilities:

Group	Waste provision £
At 1 January 2020	292,710
Additional provisions in the year	117,045
Utilisation of provision	(142,189)
Exchange difference	(9,011)
At 31 December 2020	258,555

The provision relates to a waste provision in connection with a commitment to remove waste from the group's site in the U.S.A. This amounts to £258,555.

26 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	800,900	800,900
Tax losses	(525,900)	(525,900)
Revaluations	2,300,000	2,300,000
Other	(25,000)	(25,000)
	<u>2,550,000</u>	<u>2,550,000</u>
	Liabilities 2020 £	Liabilities 2019 £
Company		
Accelerated capital allowances	800,900	800,900
Tax losses	(525,900)	(525,900)
Revaluations	2,300,000	2,300,000
	<u>2,575,000</u>	<u>2,575,000</u>

There were no deferred tax movements in the year.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

26 Deferred taxation

(Continued)

The deferred tax asset set out above is expected to reverse within the next couple of years and relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax liability set out above is expected to reverse within a few years and relates to accelerated capital allowances that are expected to mature over that period.

27 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	621,349	555,519

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Contributions totalling £129,685 (2019: £99,554) were payable to the fund at the year end and are included in creditors.

28 Share capital

	2020	2019	2020	2019
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary of £1 each	60,000	60,000	60,000	60,000
Ordinary 'A' of £1 each	7,000,000	7,000,000	7,000,000	7,000,000
	<u>7,060,000</u>	<u>7,060,000</u>	<u>7,060,000</u>	<u>7,060,000</u>

The company has two class of ordinary shares. The ordinary shares carry an aggregate of 86.22% of the voting rights, 86.22% of a return on capital on a winding up or other return on capital and 86.22% in respect of any dividend or other distribution of income. The ordinary 'A' shares carry an aggregate of 13.78% of the voting rights, 13.78% of a return on capital on a winding up or other return on capital and 13.78% in respect of any dividend or other distribution of income.

29 Reserves

Revaluation reserve

The revaluation reserve relates to the revaluation of land and buildings held in tangible fixed assets. The revaluation reserve includes a deferred tax liability of £1,077,400 (2019: £1,077,400) offset against the revaluation surplus on the land and buildings.

Profit and loss reserves

As at 31 December 2020, the group had distributable reserves of £31,860,913.

As at 31 December 2020, the parent company had distributable reserves of £3,830,568.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

30 Financial commitments, guarantees and contingent liabilities

The company has entered into an Omnibus Guarantee and Set-Off Agreement, dated 21 November 2013, in respect of the current and future facilities provided to its fellow group companies by Lloyds Bank Plc. At the year end this contingent liability amounted to £9,493,131 (2019: £12,943,584) in favour of Industrial Chemicals Limited.

The company has received correspondence from HM Revenue & Customs in respect of PAYE and Class 1 National Insurance Contributions in respect of an Employee Benefit Trust Scheme. The directors do not believe any additional PAYE or NIC's are due and have appealed. No provision has been made for this assessment. The amount that may be due to HM Revenue & Customs is dependent on whether HM Revenue & Customs win part or all of their arguments and with whom the ultimate liability rests with, namely the employees or the company. The estimated liability, including any interest due, as calculated by the company amounts to £280,000.

Two of the company's subsidiaries have filed their returns late in recent years with the IRS, in the U.S., and therefore there is a risk that fines and or interest could be levied on the company, for the late filing of these returns and any tax outstanding. No provision has been made for this as the amount that may, or may not be levied remains uncertain.

As a result of an operational incident in January 2020, investigations are ongoing by the Health & Safety Executive and the Environmental Agency that may lead to a subsidiary company and the group being fined. At the year end, any potential fine that may be charged to the company is unknown.

A subsidiary company has commenced operations to remove waste from the site from which it operates. The costs incurred after the year end to continue this clean up have been provided for. However the total costs to complete this clean up cannot be reliably estimated and therefore no further provision has been made over and above the known costs to be incurred.

31 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	221,267	1,272,095	173,460	1,189,229
Between two and five years	24,879	258,025	22,169	195,629
	<u>246,146</u>	<u>1,530,120</u>	<u>195,629</u>	<u>1,384,858</u>

32 Events after the reporting date

After the year end the group sold its wholly owned subsidiary, ICL Packed Limited, for £11m.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

33 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, which include directors, is as follows.

	2020 £	2019 £
Aggregate compensation	<u>1,916,984</u>	<u>1,753,543</u>

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

33 Related party transactions

(Continued)

The group has taken advantage of the exemption available in FRS 102 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared.

As at 31 December 2020, the company owed £30,609,539 (2019: £30,684,684) to a subsidiary company. The balance is included within creditors. As at 31 December 2020, the company was owed £7,535,894 (2019: £6,737,851) by a subsidiary company. A provision against this balance has been made of £7,535,894 (2019: £2,301,000). The balance is included within debtors at its recoverable amount. As at 31 December 2020, the company owed £1,172 (2019: £1,172) to another subsidiary company. The balance is included within creditors.

As at 31 December 2020, the company was owed £15,000 (2019: £15,000) by a related company. The balance is included within debtors. The company is a related party by virtue of a family connection between the directors and shareholders of each company.

During the year, the group was charged £2,058,455 (2019: £1,493,730) by the same related company, for services rendered. At the year end a subsidiary company owed £18,516 (2019: £99,834) to this related party.

During the year rent of £344,700 (2019: £344,700) and management charges of £242,000 (2019: £242,000) were charged to another related company, by the company. At the year end the company owed £2,158,395 (2019: £1,915,931) to this company. The balance is included within creditors. The company is a related party by virtue of common ultimate shareholders and controlling directors.

During the year a subsidiary company paid expenses of £131,565 (2019: £106,068) on behalf of this related company.

As at 31 December 2020, the company was owed a net amount of £522,181 (2019: £522,181) by another related company. The balance is included within debtors. This company is related by being controlled by the wife of a director.

At the balance sheet date a subsidiary company owed a net amount of £nil (2019: £68,720) to this company.

During the year the company paid rents of £12,000 (2019: £12,000) to another related company. At the year end the company was owed £167,096 (2019: £238,096) by this company. The balance is included within debtors. This company is a related party by virtue of common ultimate shareholders and controlling directors.

During the year the company paid rents of £150,000 (2019: £180,000) to another related company. At the year end the company was owed £1,059,585 (2019: £1,169,790) by this company. The balance is included within debtors. The company is a related party by virtue of common ultimate shareholders and controlling directors.

At the balance sheet date a subsidiary company owed £15,000 (2019: £nil) to this company.

As at 31 December 2020, the company owed £576,674 (2019: £3,015,744) to a Trust, a related party by virtue of 2 of the directors being beneficiaries of the Trust. The balance is included within creditors.

Provisions have been made against the above balances where applicable.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

34 Directors' transactions

At the year end the company was owed £1,312,084 (2019: £1,422,372) by the directors. This amount is included in debtors. At the year end the company owed £1,764,311 (2019: £1,190,471) to the directors. These amounts are included in creditors.

At the year end the company owed £106,369 (2019: £106,369) to a Trust, £107,479 (2019: £107,479) to another Trust and £110,585 (2019: £110,585) to a third Trust. These trusts are related parties by virtue of the directors being beneficiaries. These balances are included in creditors.

During the year, the company paid rent to the directors of £1,260,000 (2019: £780,000).

At the year end, a balance of £50,000 (2019: £65,000) was owed by the group to a director.

Total remuneration paid to directors' family members during the year by the group amounted to £375,224 (2019: £194,543).

35 Controlling party

For the current and prior year there was no ultimate controlling party.

36 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	12,585,386	2,299,173
Adjustments for:		
Taxation charged/(credited)	931,247	(64,173)
Finance costs	977,945	1,076,092
Investment income	(1)	(949)
Loss/(gain) on disposal of tangible fixed assets	23,522	(108,884)
Depreciation and impairment of tangible fixed assets	7,466,709	8,165,228
Foreign exchange gains on cash equivalents	42,502	13,576
Decrease in provisions	(34,155)	(1,210,135)
Movements in working capital:		
Current asset investment	(11,023,000)	-
Decrease in stocks	2,830,226	626,454
Decrease in debtors	1,933,809	2,607,244
Decrease in creditors	(1,066,932)	(2,252,751)
Cash generated from operations	14,667,258	11,150,875

As part of the bank covenants on the bank loan in place at the year end, there are covenants that impose restrictions on the amount of funds that may be advanced each month by the group to Industrial Chemicals (US) Limited and Industrial Zeolite (US) Limited. These restrictions are sufficient to enable the group to continue to fund the activities of these two companies as necessary to enable them to continue trading as a going concern.

INDUSTRIAL CHEMICALS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

37 Analysis of changes in net debt - group

	1 January 2020 £	Cash flows £	31 December 2020 £
Cash at bank and in hand	530,964	793,085	1,324,049
Bank overdrafts	(12,923,474)	3,404,018	(9,519,456)
	(12,392,510)	4,197,103	(8,195,407)
Borrowings excluding overdrafts	(27,578,852)	6,339,071	(21,239,781)
Obligations under finance leases	(636,238)	395,315	(240,923)
	(40,607,600)	10,931,489	(29,676,111)