

Company Registration No. 01746313 (England and Wales)

**CHEMENCE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

CHEMENCE LIMITED

COMPANY INFORMATION

---

Directors	H Cooke V Cooke
Company number	01746313
Registered office	4th Floor Imperial House 8 Kean Street London WC2B 4AS
Auditor	Alliotts LLP Imperial House 8 Kean Street London WC2B 4AS

---

# CHEMENCE LIMITED

## CONTENTS

---

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 25

---

# CHEMENCE LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

---

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

#### **Fair review of the business**

The directors report that the level of sales and after-tax profitability have improved during the year, offset by the one-off write-down of book debts owed by a related company. The business is managing its costs effectively following the completion of various programmes of development in certain identified markets.

Cash movements and general liquidity in the business continue to be understood and acceptable.

The directors remain satisfied regarding the year-end financial position of the company in respect of the achievement of identified KPI targets.

The directors continue to regard the June 2016 referendum decision of the UK to leave the EU and the mechanism by which this departure is achieved during 2020 as being the most critical business challenge alongside the impact of the Covid-19 pandemic during 2020. The general global trading environment remains both challenging and highly competitive at an industry level and the business uncertainty resulting from Brexit and Covid-19 continues to complicate this. The directors however remain confident that our overall trading position will improve further particularly in respect of developing our key domestic and export specialist businesses.

The company continues to build constructive, long-term partnerships with existing and potential customers. This is the key to its continued success. We are committed to long-term export-driven growth both within and outside the EU.

#### **Principal risks and uncertainties**

The key risks and uncertainties identified within the business are linked to broader concerns regarding the mechanism and timeframe by which Brexit will be implemented and whether the UK government will agree sufficient transitional arrangements with the EU to secure a smooth dis-engagement. Other global risks impacting key trading relationships outside the EU and linked with growing economic nationalism are of concern, particularly the longer-term impact of the Covid-19 pandemic however the directors are fully satisfied that the company will continue to be able to respond positively.

The company continues to be driven by growth primarily within its import and export markets and consequently adverse currency movements represent an ongoing risk.

Continuing consolidation within both the company's supplier and customer network is reflective of the economic dynamic of globalisation. This brings with it increased challenges for the company particularly in respect of managing its more mature markets.

The company considers that the identified risks and uncertainties are mitigated through its network of close trading relationships within its key markets.

#### **Development and performance**

The directors expect the general level of activity growth to improve in the forthcoming year within the targeted higher margin customer markets. This is driven by the general trend of activity during early- and mid-2020 (despite the impact of Covid-19 lockdown measures worldwide) and the continued positive support and feedback from customers, suppliers and business stake-holders.

#### **Company position at year-end**

The directors are satisfied with the company's financial and trading position at the 31st December 2019 and into 2020 and are also confident that this will be significantly improved by continuing to leverage the development work already being undertaken within our targeted growth markets.

## **CHEMENCE LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

---

#### **Key performance indicators**

The directors consider the key performance indicators are those that communicate the financial performance, strength and willingness of the company to innovate and grow, typically; turnover, gross and net margin.

The company has increased its turnover for the year to £8.5m from £8.0m. Gross margins have also increased from 34% to 39.6%. While the company's net profit/(loss) before taxation has improved from -£20,514 to +£207,287.

On behalf of the board

V Cooke

**Director**

19 November 2020

# CHEMENCE LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2019**

---

The directors present their annual report and financial statements for the year ended 31 December 2019.

### Principal activities

Chemence is a primary manufacturer of high specification adhesives and solvents for the industrial, professional and consumer markets, with adhesive production and modern, state-of-the-art packaging facilities. We additionally manufacture liquid photopolymer for use in flexographic printing, anaerobic and cementitious grouts for gas mains and service systems.

Chemence's business foundations are built on strong innovation, technology and a global supply infrastructure, managed and maintained by a highly skilled workforce. Our primary objective is to provide chemical solutions and a level of service that surpass customer expectations. Considerable investment in research and development ensures Chemence chemistry remains at the forefront of technology. Our technical departments are responsible for ensuring that the needs of both new and existing customers are fully satisfied. Chemence recognises that quality is of the utmost importance and is accredited to the international standards ISO9001-2000 and QS9000.

### Directors

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

H Cooke

R Wilson

V Cooke

(Resigned 11 June 2019)

### Results and dividends

The results for the year are set out on page 7.

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

### Research and development

The company continues to monitor all pertinent developments within the industry and continues to carry out its own product research and development.

### Future developments

The main strategic thrust of the company during the coming year is to continue to implement the financial measures agreed previously as well as to expand the business carefully within a number of selected markets. We wish to enhance our existing business, develop new products and customers and retain our position as a significant supplier within the various industries we choose to operate. We wish to remain in a strong competitive position by further improving trading and production efficiencies, remaining flexible to meet and exceed the requirements of our customers and cultivate close working relationships throughout our customer and supply base.

# CHEMENCE LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2019**

---

### Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### Statement 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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board

V Cooke

**Director**

19 November 2020

# CHEMENCE LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CHEMENCE LIMITED

---

#### Opinion

We have audited the financial statements of Chemence Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the 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 company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

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

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

We have nothing to report in this regard.

#### 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.



## CHEMENCE LIMITED

### INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CHEMENCE LIMITED

---

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of directors

As explained more fully in the 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 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.

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

**Christopher Mantel (Senior Statutory Auditor)**  
for and on behalf of Alliotts LLP

26 November 2020

**Chartered Accountants**  
**Statutory Auditor**

Imperial House  
8 Kean Street  
London  
WC2B 4AS

## CHEMENCE LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
<b>Revenue</b>	<b>3</b>	8,455,161	8,028,758
Cost of sales		(5,106,831)	(5,300,526)
<b>Gross profit</b>		<b>3,348,330</b>	<b>2,728,232</b>
Distribution costs		(755,133)	(619,083)
Administrative expenses		(1,822,697)	(2,129,663)
<b>Operating profit/(loss)</b>	<b>4</b>	<b>770,500</b>	<b>(20,514)</b>
Finance costs	<b>6</b>	(5,098)	-
Group loans written off	<b>7</b>	(558,115)	-
<b>Profit/(loss) before taxation</b>		<b>207,287</b>	<b>(20,514)</b>
Tax on profit/(loss)	<b>8</b>	(37,969)	-
<b>Profit/(loss) for the financial year</b>		<b>169,318</b>	<b>(20,514)</b>

The income statement has been prepared on the basis that all operations are continuing operations.

# CHEMENCE LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
<b>Non-current assets</b>					
Property, plant and equipment	9		24,659		9,901
Investments	10		113,658		113,658
			<u>138,317</u>		<u>123,559</u>
<b>Current assets</b>					
Inventories	12	1,023,192		858,342	
Trade and other receivables	13	7,924,483		9,792,827	
Cash and cash equivalents		14,818		84,184	
		<u>8,962,493</u>		<u>10,735,353</u>	
<b>Current liabilities</b>	14	(6,781,816)		(8,709,236)	
<b>Net current assets</b>			<u>2,180,677</u>		<u>2,026,117</u>
<b>Total assets less current liabilities</b>			<u><u>2,318,994</u></u>		<u><u>2,149,676</u></u>
<b>Equity</b>					
Called up share capital	18		100,000		100,000
Capital redemption reserve			16,667		16,667
Retained earnings			2,202,327		2,033,009
<b>Total equity</b>			<u><u>2,318,994</u></u>		<u><u>2,149,676</u></u>

The financial statements were approved by the board of directors and authorised for issue on 19 November 2020 and are signed on its behalf by:

V Cooke  
Director

Company Registration No. 01746313

# CHEMENCE LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Capital redemption reserve	Retained earnings	Total
	£	£	£	£
<b>Balance at 1 January 2018</b>	100,000	16,667	2,053,523	2,170,190
<b>Year ended 31 December 2018:</b>				
Loss and total comprehensive income for the year	-	-	(20,514)	(20,514)
<b>Balance at 31 December 2018</b>	100,000	16,667	2,033,009	2,149,676
<b>Year ended 31 December 2019:</b>				
Profit and total comprehensive income for the year	-	-	169,318	169,318
<b>Balance at 31 December 2019</b>	100,000	16,667	2,202,327	2,318,994

# CHEMENCE LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	24		(40,497)		67,292
Interest paid			(5,098)		-
<b>Net cash (outflow)/inflow from operating activities</b>			(45,595)		67,292
<b>Investing activities</b>					
Purchase of property, plant and equipment		(21,161)		-	
Proceeds on disposal of property, plant and equipment		-		2,816	
<b>Net cash (used in)/generated from investing activities</b>			(21,161)		2,816
<b>Net (decrease)/increase in cash and cash equivalents</b>			(66,756)		70,108
Cash and cash equivalents at beginning of year			77,557		7,449
<b>Cash and cash equivalents at end of year</b>			10,801		77,557
<b>Relating to:</b>					
Cash at bank and in hand			14,818		84,184
Bank overdrafts included in creditors payable within one year			(4,017)		(6,627)

# CHEMENCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

#### Company information

Chemence Limited is a private company limited by shares incorporated in England and Wales. The registered office is 4th Floor, Imperial House, 8 Kean Street, London, WC2B 4AS. The principle place of business is 13 Princewood Road, Corby, Northamptonshire, NN17 4XD.

#### 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. The principal accounting policies adopted are set out below.

The financial statements present information about the company as an individual entity and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has not prepared group accounts on the basis that its subsidiary is dormant and is not required to prepare formal accounts.

#### 1.2 Going concern

In adopting the going concern basis for preparing the financial statements the directors have considered the business activities as well as the company's principal risks and uncertainties within the company's cash flow forecasts and projections. This consideration includes the potential effects of the Covid-19 outbreak on the business.

The company is reliant upon the continued support from group and connected companies to provide on going cash flow to meet liabilities as they fall due. The company has received a letter of support from these companies which confirms that financial support will continue for a minimum of 12 months from the date of approval of the company's accounts. Therefore the directors consider the company will be able to meet its liabilities as they fall due and hence the financial statements are prepared on the going concern basis.

#### 1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods 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.

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.

#### 1.4 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.

#### 1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

# CHEMENCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

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

Plant and machinery	33% on cost of computers, 20% on cost for all other plant and equipment.
Motor vehicles	25% on cost.

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 credited or charged to profit or loss.

#### 1.6 Non-current investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

#### 1.7 Impairment of non-current assets

At each reporting period end date, the company 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.

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.

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.

#### 1.8 Inventories

Inventories 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 inventories to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories 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.

# CHEMENCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

(Continued)

#### 1.9 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.

#### 1.10 Financial instruments

The company 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 company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 receivables 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. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries 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.

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.



# CHEMENCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

(Continued)

#### **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 company 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 company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, and loans from fellow group companies 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 receipts 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 payables 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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 company after deducting all of its liabilities.

# CHEMENCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

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

#### **1.11 Equity instruments**

Equity instruments issued by the company 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 company.

#### **1.12 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 income statement 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 company'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 income statement, 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 when the company has 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.

#### **1.13 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 non-current 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.

#### **1.14 Retirement benefits**

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

# CHEMENCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

(Continued)

#### 1.15 Leases

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 leases asset are consumed.

#### 1.16 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.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### **Property, plant and equipment**

Property, plant and equipment are recorded at cost less accumulated depreciation. Judgement is required to determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

#### **Inventories**

Inventories are valued at the lower of cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends.

#### **Intercompany receivables recovery**

Judgement is required to determine whether there are indicators of impairment of the company's intercompany receivable balances. Factors taken into consideration in reaching such a decision include the economic viability, group support and expected future financial performance of the various entities.

# CHEMENCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### 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.

#### Property, plant and equipment

Property, plant and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

#### Inventory provisioning

When considering the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of inventory held and recent sales performance of inventory lines.

#### Inventory overhead absorption

When considering the inventory overhead absorption provision, management estimate the overhead and labour element per unit. The estimate is based upon standard costing for employee time and a pro-rated overheads which are regularly reviewed by management to ensure that the calculation remains reliable as costs alter.

### 3 Revenue

An analysis of the company's revenue is as follows:

	2019 £	2018 £
<b>Revenue analysed by class of business</b>		
Distribution of adhesives and liquid photopolymer	8,455,161	8,028,758
	<u>8,455,161</u>	<u>8,028,758</u>
	2019 £	2018 £
<b>Revenue analysed by geographical market</b>		
United Kingdom	3,653,761	3,231,712
European Community	1,867,208	1,930,742
Rest of World	2,934,192	2,866,304
	<u>8,455,161</u>	<u>8,028,758</u>

# CHEMENCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 4 Operating profit/(loss)

	2019 £	2018 £
Operating profit/(loss) for the year is stated after charging:		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	-	106,413
Research and development costs	30,659	80,081
Fees payable to the company's auditor for the audit of the company's financial statements	32,000	89,000
Depreciation of owned property, plant and equipment	6,403	22,725
(Profit)/loss on disposal of property, plant and equipment	-	32,225
Operating lease charges	44,123	33,075
	<u>          </u>	<u>          </u>

### 5 Employees

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

	2019 Number	2018 Number
Production	9	11
Selling and Distribution and Administration	49	47
	<u>          </u>	<u>          </u>
Total	58	58
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	1,736,963	2,065,369
Social security costs	135,841	127,242
Pension costs	55,304	40,959
	<u>          </u>	<u>          </u>
	1,928,108	2,233,570
	<u>          </u>	<u>          </u>

### 6 Finance costs

	2019 £	2018 £
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	5,098	-
	<u>          </u>	<u>          </u>

# CHEMENCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 7 Group loans written off

	2019 £	2018 £
Group loans written off	(558,115)	-

The Directors agreed to write off a connected company loan balance that had gone into administration during the year.

### 8 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	37,701	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	268	-
Total tax charge	37,969	-

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

	2019 £	2018 £
Profit/(loss) before taxation	207,287	(20,514)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	39,385	(3,898)
Tax effect of expenses that are not deductible in determining taxable profit	4,923	170
Unutilised tax losses carried forward	-	3,728
Permanent capital allowances in excess of depreciation	(6,339)	-
Taxation charge for the year	37,969	-

# CHEMENCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 9 Property, plant and equipment

	Plant and machinery	Motor vehicles	Total
	£	£	£
<b>Cost</b>			
At 1 January 2019	6,089,440	47,548	6,136,988
Additions	21,161	-	21,161
At 31 December 2019	6,110,601	47,548	6,158,149
<b>Depreciation and impairment</b>			
At 1 January 2019	6,079,539	47,548	6,127,087
Depreciation charged in the year	6,403	-	6,403
At 31 December 2019	6,085,942	47,548	6,133,490
<b>Carrying amount</b>			
At 31 December 2019	24,659	-	24,659
At 31 December 2018	9,901	-	9,901

### 10 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	11	113,658	113,658

The company has not designated any financial assets that are not classified as financial assets at fair value through profit or loss.

### Movements in non-current investments

	Shares in group undertakings
	£
<b>Cost or valuation</b>	
At 1 January 2019 & 31 December 2019	113,658
<b>Carrying amount</b>	
At 31 December 2019	113,658
At 31 December 2018	113,658

# CHEMENCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 11 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Allied Chemical, Inc	1338 Coronet Drive, Dalton, GA 30720, USA	Ordinary shares	100.00

### 12 Inventories

	2019 £	2018 £
Raw materials and consumables	772,122	589,781
Work in progress	16,062	42,158
Finished goods and goods for resale	235,008	226,403
	<u>1,023,192</u>	<u>858,342</u>

### 13 Trade and other receivables

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade receivables	755,203	820,565
Amounts owed by group undertakings	6,975,415	8,790,369
Other receivables	50,237	30,317
Prepayments and accrued income	130,992	138,672
	<u>7,911,847</u>	<u>9,779,923</u>
Deferred tax asset (note 16)	12,636	12,904
	<u>7,924,483</u>	<u>9,792,827</u>

Trade receivables disclosed above are measured at amortised cost.

### 14 Current liabilities

	Notes	2019 £	2018 £
Bank loans and overdrafts	15	4,017	6,627
Trade payables		868,999	875,184
Amounts owed to group undertakings		5,565,137	7,530,605
Corporation tax		37,701	-
Other taxation and social security		90,463	80,504
Accruals and deferred income		215,499	216,316
		<u>6,781,816</u>	<u>8,709,236</u>



# CHEMENCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 15 Borrowings

	2019 £	2018 £
Bank overdrafts	4,017	6,627
Payable within one year	4,017	6,627

The bank overdraft is unsecured.

### 16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2019 £	Assets 2018 £
<b>Balances:</b>		
Deferred tax on capital allowances	12,636	12,904
<b>Movements in the year:</b>		2019 £
Asset at 1 January 2019		(12,904)
Charge to profit or loss		268
Asset at 31 December 2019		(12,636)

The deferred tax asset set out above is expected to reverse within 12 months and relates to deaccelerated capital allowances that are expected to mature within the same period.

### 17 Retirement benefit schemes

	2019 £	2018 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	55,304	40,959

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

## CHEMENCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

#### 18 Share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
100,000 Ordinary shares of £1 each	100,000	100,000

The company has one class of ordinary shares which carry no right to fixed income. Each share carries one voting right.

#### 19 Financial commitments, guarantees and contingent liabilities

The Company is party to a Composite Accounting Agreement with its bankers which provides cross guarantees for borrowing provided to its fellow subsidiaries: Primarius Properties Limited and United Beauty Products Limited along with connected companies. At 31 December 2019 the total potential amount outstanding under the guarantee amounted to £1,216,614 (2018: £1,741,849).

The Company also provided cross guarantees of €180,000 (2018: €500,000) to connected entities. In addition a guarantee of £160,000 (2018: £160,000) has been provided to HMRC.

#### 20 Operating lease commitments

##### Lessee

Operating lease payments represent rentals payable by the company for certain of its properties and car leases. Property leases are negotiated for an average term of 10 years and rentals are fixed for an average of 3 years.

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

	2019 £	2018 £
Within one year	350,764	367,265
Between two and five years	1,099,022	1,397,202
In over five years	-	57,500
	<u>1,449,786</u>	<u>1,821,967</u>

# CHEMENCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 21 Events after the reporting date

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe.

Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

For the company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, the company cannot reasonably estimate the impact these events will have on the company's financial position, results of operations or cash flows in the future.

The directors will though continue to monitor the impact of the Coronavirus on the activities of the company.

### 22 Related party transactions

#### Transactions with related parties

The company has taken advantage of the exemption available in Paragraph 33.1A of FRS102 whereby it has not disclosed transactions with other companies that are wholly owned within the Group.

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

	Sales	
	2019	2018
	£	£
Connected companies	-	72,898

	Expenses recharged	
	2019	2018
	£	£
Connected companies	-	711,729

The following amounts were outstanding at the reporting end date:

	2019	2018
	£	£
<b>Amounts due to related parties</b>		
Fellow subsidiary entities	5,565,137	7,530,605

The following amounts were outstanding at the reporting end date:

	2019	2018
	£	£
<b>Amounts due from related parties</b>		
Fellow subsidiary entities	6,975,415	8,790,369

# CHEMENCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 22 Related party transactions

(Continued)

#### Other information

No guarantees have been given or received.

### 23 Ultimate controlling party

The parent company is Clast Trading Limited, a company registered in Hong Kong with registered office of 12/F, Two Chinachem Plaza, 68 Connaught Road Central, Hong Kong

No one person has overall control.

### 24 Cash (absorbed by)/generated from operations

	2019 £	2018 £
Profit/(loss) for the year after tax	169,318	(20,514)
<b>Adjustments for:</b>		
Taxation charged	37,969	-
Finance costs	5,098	-
(Gain)/loss on disposal of property, plant and equipment	-	32,225
Depreciation and impairment of property, plant and equipment	6,403	22,725
<b>Movements in working capital:</b>		
(Increase)/decrease in inventories	(164,850)	25,468
Decrease/(increase) in trade and other receivables	1,868,076	(3,824,027)
(Decrease)/increase in trade and other payables	(1,962,511)	3,831,415
<b>Cash (absorbed by)/generated from operations</b>	<b>(40,497)</b>	<b>67,292</b>

### 25 Analysis of changes in net funds

	1 January 2019 £	Cash flows £	31 December 2019 £
Cash at bank and in hand	84,184	(69,366)	14,818
Bank overdrafts	(6,627)	2,610	(4,017)
	<b>77,557</b>	<b>(66,756)</b>	<b>10,801</b>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.