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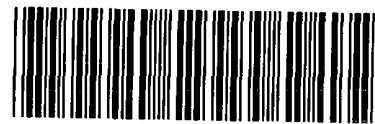
Chemique Adhesives and Sealants Limited

Directors' Report and Financial Statements

For the Year Ended 31 December 2021

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Chemique Adhesives and Sealants Limited

Company Information

Directors	M J McMullen A J McMullen S I Francis
Company secretary	M J McMullen
Registered number	01945954
Registered office	Unit 21 Empire Close Brickyard Road Aldridge West Midlands WS9 8UR
Independent auditors	Dains LLP 15 Colmore Row Birmingham B3 2BH
Bankers	HSBC Bank Plc South East Midlands Commercial Centre Church Green West Redditch Worcestershire B97 4EA

Chemique Adhesives and Sealants Limited

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Chemique Adhesives and Sealants Limited

Strategic Report For the Year Ended 31 December 2021

Principal activities

The principal activities of the Company continued to be the manufacture and sale of adhesives.

Business review

We aim to present a balanced and comprehensive review of the development and performance of the Company during the year and its position at the year end. Our review is consistent with the size and non-complex nature of the company and is written in the context of the risks and uncertainties we face.

Principal risks and uncertainties

As for many companies of our size, the business environment in which we operate continues to be challenging. With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control. However we will continue to show flexibility and respond to market conditions and opportunities as they arise.

The Company's principal financial instruments comprise bank balances, invoice discounting facilities, trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of invoice discounting at floating rates of interest. All of the Company's cash balances are held in such a way that achieves a competitive rate of interest.

Trade debtors are managed in respect of credit and cash flow risks by policies concerning the credit offered to customers and regular monitoring of the amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

The spread of the COVID-19 pandemic has resulted in restrictions in the supply chain and reinforced the primary goal of the company to ensure the safety of its employees. Official advice on the length and severity of the measures to combat the coronavirus is uncertain but there is likely to be an impact to forecast revenues and profitability as all areas of the supply and demand cycle are affected.

Financial key performance indicators

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the Company as a whole, these being turnover and gross profit. During the year the Company's turnover increased by 34% from £12.4m to £16.6m and gross profit increased from £4.17m to £5.29m. The directors are satisfied with the performance for the year given the ongoing impact as a result of the COVID-19 pandemic.

This report was approved by the board on 31 May 2022 and signed on its behalf.



M J McMullen
Director

Chemique Adhesives and Sealants Limited

Directors' Report For the Year Ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors

The directors who served during the year were:

M J McMullen
A J McMullen
S I Francis

Results and dividends

The profit for the year, after taxation, amounted to £1,107,225 (2020 - £746,187).

Dividends of £Nil (2020 - £33,600) were paid during the year. The directors propose an interim dividend of £3.85 per share in respect of the year ended 31 December 2022.

Future developments

Attention in the short to medium term has been on managing cashflow and working capital in general with the directors of the opinion that the Company can continue to operate within its current and future financial parameters and so continue to meet its debts as they fall due.

The Company's longer term strategy for beyond 2022 is to maintain its market share and profitability and ultimately, to achieve some growth. The directors have continued to put measures in place to try and expand the markets in which the Company operates in order to achieve this. As such, the directors believe the Company to be a going concern and have adopted this assumption in preparing the financial statements.

Directors' responsibilities statement

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Chemique Adhesives and Sealants Limited

Directors' Report (continued) For the Year Ended 31 December 2021

Engagement with employees

The Company maintained its practice of consultation and communication with employees both by formal and informal methods.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons, to the training and promotion of disabled employees and to the continuation of employment from those becoming disabled.

Post balance sheet events

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

Matters covered in the Strategic Report

Details on the principal risks and uncertainties are contained in the strategic report.

Disclosure of information to auditors

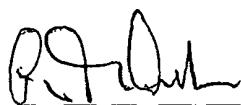
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Auditors

The auditor, Dains LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 31 May 2022 and signed on its behalf.



M J McMullen
Director

Chemique Adhesives and Sealants Limited

Independent Auditors' Report to the Members of Chemique Adhesives and Sealants Limited

Opinion

We have audited the financial statements of Chemique Adhesives and Sealants Limited (the 'Company') for the year ended 31 December 2021, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

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 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.

Chemique Adhesives and Sealants Limited

Independent Auditors' Report to the Members of Chemique Adhesives and Sealants Limited (continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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.

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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with directors and other management, and from our commercial knowledge and experience of the manufacturing sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the financial reporting legislation, Companies Act 2006, taxation legislation, anti-bribery, employment, and environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the Company's legal advisors.

Chemique Adhesives and Sealants Limited

Independent Auditors' Report to the Members of Chemique Adhesives and Sealants Limited (continued)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Dains LLP

Mark Gurney FCCA (Senior Statutory Auditor)

for and on behalf of
Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

31 May 2022

Chemique Adhesives and Sealants Limited

Profit and Loss Account
For the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	16,599,188	12,400,723
Cost of sales		(11,307,821)	(8,225,946)
Gross profit		5,291,367	4,174,777
Distribution costs		(613,577)	(523,877)
Administrative expenses		(3,373,035)	(3,160,017)
Other operating income	5	6,682	327,682
Operating profit	6	1,311,437	818,565
Interest receivable and similar income	9	1,309	9,677
Interest payable and similar expenses	10	-	(7,160)
Profit before tax		1,312,746	821,082
Tax on profit	11	(205,521)	(74,895)
Profit for the financial year		1,107,225	746,187

The notes on pages 12 to 27 form part of these financial statements.

Chemique Adhesives and Sealants Limited

**Statement of Comprehensive Income
For the Year Ended 31 December 2021**

	2021 £	2020 £
Profit for the financial year	1,107,225	746,187
Other comprehensive income		
Total comprehensive income for the year	1,107,225	746,187


The notes on pages 12 to 27 form part of these financial statements.

Chemique Adhesives and Sealants Limited
Registered number:01945954

Balance Sheet
As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	2,633,334	2,119,677
Investments	14	99	99
Investment property	15	245,000	245,000
		<u>2,878,433</u>	<u>2,364,776</u>
Current assets			
Stocks	16	1,863,843	1,263,694
Debtors: amounts falling due within one year	17	2,986,090	2,375,184
Cash at bank and in hand	18	2,253,978	2,949,941
		<u>7,103,911</u>	<u>6,588,819</u>
Creditors: amounts falling due within one year	19	(2,501,440)	(2,676,516)
Net current assets		<u>4,602,471</u>	<u>3,912,303</u>
Total assets less current liabilities		<u>7,480,904</u>	<u>6,277,079</u>
Creditors: amounts falling due after more than one year	20	(44,540)	(45,440)
Provisions for liabilities			
Deferred tax	21	(289,000)	(191,500)
Net assets		<u><u>7,147,364</u></u>	<u><u>6,040,139</u></u>
Capital and reserves			
Called up share capital	22	45,000	45,000
Capital redemption reserve	23	5,000	5,000
Profit and loss account	23	7,097,364	5,990,139
		<u><u>7,147,364</u></u>	<u><u>6,040,139</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 May 2022.


M J McMullen
Director

The notes on pages 12 to 27 form part of these financial statements.

Chemique Adhesives and Sealants Limited

Statement of Changes in Equity
For the Year Ended 31 December 2021

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	45,000	5,000	5,990,139	6,040,139
Comprehensive income for the year				
Profit for the year	-	-	1,107,225	1,107,225
Total comprehensive income for the year	-	-	1,107,225	1,107,225
Total transactions with owners	-	-	-	-
At 31 December 2021	45,000	5,000	7,097,364	7,147,364

The notes on pages 12 to 27 form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 December 2020

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	45,000	5,000	5,277,552	5,327,552
Comprehensive income for the year				
Profit for the year	-	-	746,187	746,187
Total comprehensive income for the year	-	-	746,187	746,187
Dividends: Equity capital	-	-	(33,600)	(33,600)
Total transactions with owners	-	-	(33,600)	(33,600)
At 31 December 2020	45,000	5,000	5,990,139	6,040,139

The notes on pages 12 to 27 form part of these financial statements.

Chemique Adhesives and Sealants Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. General information

Chemique Adhesives and Sealants Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act. The address of the registered office is given in the company information section. The nature of the Company's operations and its principal activities are set out in the strategic report and directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements of Chemique UK Limited as at 31 December 2021 and these financial statements may be obtained from Chemique UK Limited, Unit 21, Empire Close, Brickyard Road, Aldridge, West Midlands, WS9 8UR.

2. Accounting policies (continued)

2.3 Revenue

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

Sale of goods

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

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

2.4 Tangible fixed assets

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

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold buildings	- 2% straight line
Leasehold land and buildings	- straight line over the term of the lease
Plant and machinery	- 10% straight line
Fixtures and fittings	- 33% straight line
Demo Equipment	- 33% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.5 Investment property

Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2. Accounting policies (continued)

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

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

2.8 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

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

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when

2. Accounting policies (continued)

2.10 Financial instruments (continued)

there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

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

2.12 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and Loss Account in the same period as the related expenditure.

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentaitonal currency is GBP. The financial statements are rounded to the nearest £.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.14 Finance costs

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

2. Accounting policies (continued)

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.16 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.17 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.18 Pensions

Defined contribution pension plan

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

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

2.19 Borrowing costs

All borrowing costs are recognised in the profit and loss account in the year in which they are incurred.

2.20 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2. Accounting policies (continued)

2.21 Current and deferred taxation

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

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

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

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

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

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

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Directors to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the Directors believe that the critical accounting policies where judgements or estimating are necessarily applied are summarised below.

Depreciation and residual values

The Directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of plant and machinery, and have concluded that straight line depreciation policy is more appropriate as it reflects the useful economic lives of assets and their residual values more reliably than the reducing balance depreciation policy.

Fair value of investment property

The Directors have reviewed the current market rents and investment property yields for comparable real estate and concluded that the value of investment property is appropriate.

Chemique Adhesives and Sealants Limited

Notes to the Financial Statements
For the Year Ended 31 December 2021

4. Turnover

The whole of the turnover is attributable to the Company's principal activity.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	12,927,568	9,953,920
Rest of Europe	1,844,736	1,519,438
Rest of the world	1,826,884	927,365
	<u>16,599,188</u>	<u>12,400,723</u>

5. Other operating income

	2021 £	2020 £
Net rents receivable	4,075	6,111
Government grants receivable	2,607	321,571
	<u>6,682</u>	<u>327,682</u>

The Company has been eligible to claim from the government support schemes in response to the COVID-19 outbreak.

The Company furloughed certain staff under the government's Coronavirus Job Retention Scheme (CJRS). The funding received of £2,607 (2020 - £261,571) relates to claims made in respect of the year.

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Research & development charged as an expense	9,365	12,475
Depreciation of tangible fixed assets	195,223	167,243
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	12,250	11,750
Exchange differences	(30,830)	47,800
Other operating lease rentals	205,232	236,681
Defined contribution pension cost	<u>169,124</u>	<u>190,920</u>

Chemique Adhesives and Sealants Limited

Notes to the Financial Statements
For the Year Ended 31 December 2021

7. Employees

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

	2021 £	2020 £
Wages and salaries	2,704,223	2,488,095
Social security costs	308,522	289,027
Cost of defined contribution scheme	169,124	190,920
	<u>3,181,869</u>	<u>2,968,042</u>

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

	2021 No.	2020 No.
Manufacturing	40	39
Sales and administration	16	15
	<u>56</u>	<u>54</u>

8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	826,440	709,311
Company contributions to defined contribution pension schemes	63,666	79,899
	<u>890,106</u>	<u>789,210</u>

During the year retirement benefits were accruing to 3 directors (2020 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £280,426 (2020 - £321,826).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £33,000 (2020 - £36,999).

9. Interest receivable and similar income

	2021 £	2020 £
Other interest receivable	<u>1,309</u>	<u>9,677</u>

Chemique Adhesives and Sealants Limited

Notes to the Financial Statements
For the Year Ended 31 December 2021

10. Interest payable and similar expenses

	2021 £	2020 £
Other interest payable	-	7,160

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	106,661	28,395
Adjustments in respect of previous periods	1,360	-
Total current tax	108,021	28,395
Deferred tax		
Origination and reversal of timing differences	37,027	29,441
Changes to tax rates	60,473	17,059
Total deferred tax	97,500	46,500
Taxation on profit	205,521	74,895

Chemique Adhesives and Sealants Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

11. Taxation (continued)

Factors affecting tax expense for the year

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit before tax	1,312,746	821,082
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	249,422	156,006
Effects of:		
Expenses not deductible for tax purposes	9,780	2,320
Fixed asset differences	4,345	4,360
Adjustments to tax charge in respect of prior periods	1,360	-
Other timing differences leading to an increase in taxation	69,520	16,600
Non-taxable income	(183)	-
Adjustment in research and development tax credit	(125,151)	(104,391)
Other differences leading to an increase (decrease) in the tax charge	(3,572)	-
Total tax charge for the year	205,521	74,895

Factors that may affect future tax charges

The rate of tax applied to the reported profit is 19% (2020 - 19%). The rate of tax, as introduced in the Finance Bill 2021, will remain unchanged for the financial year 2022. Deferred taxes at the balance sheet date have been measured using the enacted tax rates and reflected in these financial statements. There is no expiry date on timing differences, unused tax losses or tax credits.

12. Dividends

	2021 £	2020 £
Ordinary shares (2020 - 74.67 pence per share)	-	33,600
	-	33,600

Chemique Adhesives and Sealants Limited

Notes to the Financial Statements
For the Year Ended 31 December 2021

13. Tangible fixed assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Demo equipment £	Total £
Cost					
At 1 January 2021	1,498,560	2,434,282	356,557	41,911	4,331,310
Additions	430,291	269,286	9,155	414	709,146
Disposals	-	-	-	(4,340)	(4,340)
At 31 December 2021	1,928,851	2,703,568	365,712	37,985	5,036,116
Depreciation					
At 1 January 2021	460,057	1,380,044	338,935	32,597	2,211,633
Charge for the year on owned assets	29,971	152,010	8,278	4,964	195,223
Disposals	-	-	-	(4,074)	(4,074)
At 31 December 2021	490,028	1,532,054	347,213	33,487	2,402,782
Net book value					
At 31 December 2021	1,438,823	1,171,514	18,499	4,498	2,633,334
At 31 December 2020	1,038,503	1,054,238	17,622	9,314	2,119,677

14. Fixed asset investments

	Investments in subsidiary companies £
Cost and net book value	
At 1 January 2021	99
At 31 December 2021	99

Chemique Adhesives and Sealants Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

14. Fixed asset investments (continued)

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Principal activity	Class of shares	Holding
Bondseal Services Limited	Dormant	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

Name	Aggregate of share capital and reserves
Bondseal Services Limited	99

15. Investment property

Valuation	Long term leasehold investment property £
At 1 January 2021	245,000
At 31 December 2021	245,000

The directors have determined the fair value of the investment property as at 31 December 2021.

16. Stocks

	2021 £	2020 £
Raw materials and consumables	1,339,329	740,483
Work in progress	96,116	54,705
Finished goods and goods for resale	428,398	468,506
	<u>1,863,843</u>	<u>1,263,694</u>

Chemique Adhesives and Sealants Limited

Notes to the Financial Statements
For the Year Ended 31 December 2021

17. Debtors

	2021 £	2020 £
Trade debtors	2,278,075	1,940,912
Amounts owed by related undertakings	503,176	276,531
Other debtors	900	-
Prepayments and accrued income	203,939	157,741
	<u>2,986,090</u>	<u>2,375,184</u>

18. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>2,253,978</u>	<u>2,949,941</u>

19. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	1,860,740	1,888,637
Amounts owed to group undertakings	99	99
Corporation tax	106,661	28,395
Other taxation and social security	384,978	531,637
Other creditors	900	900
Accruals and deferred income	148,062	226,848
	<u>2,501,440</u>	<u>2,676,516</u>

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

	2021 £	2020 £
Government grants received	44,540	45,440
	<u>44,540</u>	<u>45,440</u>

Chemique Adhesives and Sealants Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

21. Deferred taxation

	2021 £	2020 £
At beginning of year	(191,500)	(145,000)
Charged to the profit or loss	(97,500)	(46,500)
At end of year	(289,000)	(191,500)

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(294,000)	(191,500)
Short term timing differences	5,000	-
	(289,000)	(191,500)

22. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
45,000 (2020 - 45,000) Ordinary shares of £1.00 each	45,000	45,000

23. Reserves

Capital redemption reserve

The capital redemption reserve represents the nominal amount of share capital transferred to reserves arising on the purchase of shares in the Company.

Profit and loss account

The profit and loss account represents all current and prior period retained profits and losses, net of dividends paid and other adjustments.

24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £169,124 (2020 - £190,920). No amounts were outstanding at the year end (2020 - £Nil).

Chemique Adhesives and Sealants Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

25. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Land and buildings		
Not later than 1 year	176,570	74,000
Later than 1 year and not later than 5 years	579,043	296,000
Later than 5 years	598,325	49,333
	<u>1,353,938</u>	<u>419,333</u>
	2021 £	2020 £
Other		
Not later than 1 year	93,045	126,087
Later than 1 year and not later than 5 years	175,342	135,695
Later than 5 years	-	11,156
	<u>268,387</u>	<u>272,938</u>

26. Related party transactions

M J McMullen, director and controlling shareholder of the parent company, owned one of the units, in which the Company operates, for part of the year. The rent charged was £2,258 (2020 - £29,000) as the lease ended on 12 February 2021. M J McMullen had given a personal guarantee to the Company's bankers which is supported by a charge over the property. On 12 February 2021, the property was purchased by the Company for £414,541. The building was then wholly owned by Chemique Adhesives and Sealants Limited for the remainder of the year.

M J McMullen and A J McMullen are also directors of Chemique Adhesives Inc., a company under common control and incorporated in the United States of America. During the year the Company made sales and charged interest to Chemique Adhesives Inc. of £1,585,894 (2020 - £825,285) and £Nil (2020 - £9,677) respectively. At 31 December 2021, a balance £503,176 of (2020 - £276,531) was due to the Company from Chemique Adhesives Inc. During the year, purchases of £3,236 (2020 - £4,254) were made from Chemique Adhesives Inc. by the Company and at 31 December 2021, a balance of £Nil (2020 - £Nil) was due to Chemique Adhesives Inc. from the Company.

Chemique Adhesives and Sealants Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

27. Ultimate parent company

The immediate and ultimate parent company is Chemique UK Limited. M J McMullen is the ultimate controlling party by virtue of his controlling interest in that company.

The largest and smallest group in which results of the company are consolidated is that headed by Chemique UK Limited, a company incorporated in England and Wales.

The consolidated financial statements of this group are available to the public and may be obtained from Chemique UK Limited, Unit 21 Empire Close, Brickyard Road, Aldridge, West Midlands, WS9 8UR.