

Registered number: 02035274

**ALCHEM INDUSTRIES LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**



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**ALCHEM INDUSTRIES LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Ben Hartley Byron Graham Hartley Gavin Michael Hartley Andrew Paul Nicholls
<b>Company secretary</b>	Andrew Evans
<b>Registered number</b>	02035274
<b>Registered office</b>	Alton House Alton Road Ross-on-Wye Herefordshire HR9 5BP
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 17th Floor 103 Colmore Row Birmingham B3 3AG

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**ALCHEM INDUSTRIES LIMITED**

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**CONTENTS**

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	Page
<b>Directors' Report</b>	<b>1 - 3</b>
<b>Independent Auditor's Report</b>	<b>4 - 8</b>
<b>Income Statement</b>	<b>9</b>
<b>Statement of Financial Position</b>	<b>10</b>
<b>Statement of Changes in Equity</b>	<b>11</b>
<b>Notes to the Financial Statements</b>	<b>12 - 24</b>

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**ALCHEM INDUSTRIES LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

**Principal activity**

Alchem Industries Ltd offer specialist Water Treatment, Water Hygiene and Environmental services, including testing, inspection, sampling and chemical treatments to the private and public sectors.

**Transfer of Trade and Assets**

The Directors carried out a review of the various businesses within the UK, to enable the wider group to increase the level of service to its customers. To leverage costs management within the UK group the Directors agreed a planned transfer of the Trade and Assets of Alchem Industries Ltd to its sister company hsl Compliance Ltd (Company registration number 2425951). This transfer was completed on 1st January 2021.

**Results and dividends**

The loss for the year, after taxation, amounted to £955,000 (2020: profit £160,000).

The Directors do not recommend the payment of a dividend.

**Directors**

The Directors who served during the year were:

Ben Hartley  
Byron Graham Hartley  
Gavin Michael Hartley  
Andrew Paul Nicholls

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**ALCHEM INDUSTRIES LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Directors' responsibilities statement**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Liability insurance**

The Company maintains liability insurance for Directors and officers, as permitted by section 234(1) of the Companies Act 2006.

**Covid-19**

The Company's exposure to the Coronavirus first manifested itself fully in March 2020 following a full lockdown of activities in the UK. Whilst operations were impacted in March, the business recovered rapidly in Quarter 2 and returned to close to normal levels in Quarter 3 and Quarter 4. The Company demonstrated a swift and effective response by reducing expenditure and by making use of the Coronavirus Job Retention Scheme to minimise the financial impact.

Until the transfer of Trade and Assets to its sister company the business took measures to protect the business and our employees, including investing in home working, making offices Covid-19 secure with additional PPE and cleaning regimens along with ongoing training and awareness.

The Company had the required funds to meet its liabilities as they fell due to the time that the transfer of Trade and Assets was completed. There was no subsequent impact of Covid-19.

**Qualifying third party indemnity provisions**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

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**ALCHEM INDUSTRIES LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Disclosure of information to auditors**

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

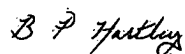
**Auditor**

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

**Small companies note**

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 29 June 2022 and signed on its behalf.



Ben Hartley  
Director



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCHEM INDUSTRIES LIMITED

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### Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss 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 the provisions available for small entities, in the circumstances set out in note to the financial statements, 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 are responsible for concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the Directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the Directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCHEM INDUSTRIES LIMITED  
(CONTINUED)**

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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.

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.

The responsibilities of the Directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

**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 Auditors' 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 the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.





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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCHEM INDUSTRIES LIMITED  
(CONTINUED)**

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**Matter on which we are required to report under the Companies Act 2006**

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 Directors' Report.

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

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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

**Responsibilities of directors for the financial statements**

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 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCHEM INDUSTRIES LIMITED  
(CONTINUED)**

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**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting frameworks (FRS 102 and Companies Act 2006).
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.
- We enquired of management and those charged with governance, concerning the Company's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations; and
  - the detection and response to the risks of fraud.
- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- Audit procedures performed by the engagement team included:
  - evaluation of the programmes and controls established to address the risks related to irregularities and fraud;
  - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
  - identifying and testing related party transactions. Irregularities, including fraud, are instances of noncompliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Company's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
  - the applicable statutory provisions;
  - the Company's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the Company's compliance with regulatory requirements.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCHEM INDUSTRIES LIMITED  
(CONTINUED)**

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- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed noncompliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

**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.

A handwritten signature in black ink, appearing to read 'David White'.

David White BA FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Birmingham

29 June 2022

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**ALCHEM INDUSTRIES LIMITED**

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**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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	Note	2021 £000	2020 £000
Turnover		-	3,185
Cost of sales		-	(2,031)
<b>Gross profit</b>		<u>-</u>	<u>1,154</u>
Administrative expenses		(955)	(983)
Other operating income	4	-	35
<b>Operating (loss)/profit</b>		<u>(955)</u>	<u>206</u>
Tax on (loss)/profit		-	(46)
<b>(Loss)/profit for the financial year</b>		<u><u>(955)</u></u>	<u><u>160</u></u>

There is no other comprehensive income other than the loss attributed to the shareholders of the Company of £955,000 in the year ending 31 December 2021 (2020: profit of £160,000).

Directors agreed a planned transfer of the Trade and Assets of Alchem Industries Ltd to its sister company hsl Compliance Ltd (Company registration number 2425951). This transfer was completed on 1st January 2021.

The notes on pages 12 to 24 form part of these financial statements.

**ALCHEM INDUSTRIES LIMITED**  
**REGISTERED NUMBER:02035274**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Tangible assets	8	-	14
		<u>-</u>	<u>14</u>
<b>Current assets</b>			
Stocks of consumable items and raw materials		-	28
Debtors: amounts falling due within one year	9	2	1,618
Cash at bank and in hand	10	-	214
		<u>2</u>	<u>1,860</u>
Creditors: amounts falling due within one year	11	-	(911)
<b>Net current assets</b>		<u>2</u>	<u>949</u>
<b>Total assets less current liabilities</b>		<u>2</u>	<u>963</u>
<b>Provisions for liabilities</b>			
Deferred tax	12	-	(6)
		<u>-</u>	<u>(6)</u>
<b>Net assets</b>		<u><u>2</u></u>	<u><u>957</u></u>
<b>Capital and reserves</b>			
Called up share capital		2	2
Profit and loss account		-	955
<b>Shareholders' funds</b>		<u><u>2</u></u>	<u><u>957</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 June 2022

*B P Hartley*

**Ben Hartley**  
Director

The notes on pages 12 to 24 form part of these financial statements.

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**ALCHEM INDUSTRIES LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2021	2	955	957
<b>Comprehensive income for the year</b>			
Loss for the year	-	(955)	(955)
	<hr/>	<hr/>	<hr/>
<b>Other comprehensive income for the year</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	-	(955)	(955)
	<hr/>	<hr/>	<hr/>
<b>Total transactions with owners</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2021</b>	<b>2</b>	<b>-</b>	<b>2</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 12 to 24 form part of these financial statements.

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

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	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2020	2	795	797
<b>Comprehensive income for the year</b>			
Profit for the year	-	160	160
	<hr/>	<hr/>	<hr/>
<b>Other comprehensive income for the year</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	-	160	160
	<hr/>	<hr/>	<hr/>
<b>Total transactions with owners</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2020</b>	<b>2</b>	<b>955</b>	<b>957</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 12 to 24 form part of these financial statements.

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**ALCHEM INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1. General information**

Alchem Industries Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 02035274 and the registered address is Alton House, Alton Business Park, Alton Road, Ross on Wye, Herefordshire, HR9 5BP.

**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 Section 1A of 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 judgement in applying the Company's accounting policies.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest 1,000.

The Company is itself a subsidiary company and is exempt from the requirements to prepare group accounts by virtue of Section 400 of the Companies Act 2006. These financial statements therefore present information as an individual undertaking and not about its group.

The Company's ultimate parent undertaking at 31st December 2021 was SGI Holdings Ltd, a company registered in the UK. The Company's results are included within its consolidated financial statements. The consolidated financial statements of SGI Holdings Ltd are prepared in accordance with FRS 102 and are available to the public and may be obtained from SGI Holdings Ltd, Alton House, Alton Business Park, Alton Road, Ross-on-Wye, Herefordshire, HR9 5BP.

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**ALCHEM INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)**

**2.2 Going concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Directors of SGI Holdings Limited (the 'Group') have prepared cash flow forecasts for a period to 30 June 2023, covering at least 12 months from the date of approval of these financial statements, which indicate that, taking account of reasonably possible downsides and the anticipated impact of Covid 19 on the operations and its financial resources, the Group and Company will have sufficient funds to meet its liabilities as they fall due for that period. The Group has gradually returned to pre COVID trading levels by January 2021 and post year end trading has achieved better than budgeted growth with UK restrictions easing.

The Group has considered downside scenarios which include a further two months of severe Covid 19 impacts with a lockdown in December 2022 and January 2023. This includes stress testing of liquidity and covenant headroom for a period of at least 12 months from the approval of these financial statements.

The Group's external banking facilities remain partially undrawn and are not repayable until March 2023, allowing for additional liquidity, if required but are not forecast to be used. These facilities carry EBITDA and cash headroom covenants which are anticipated to be passed in the going concern period for both the base case and the reasonably possible downside. The revolving credit facility is due to expire in the period of assessment and therefore has not been included in the forecasts. The Group also has mitigating actions, if required, in the form of further cost cutting measures which would further improve liquidity. Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis. The Company has received confirmation of continuing financial support from the ultimate parent company, SGI Holdings Limited, which confirms that it will provide sufficient funds for the company to meet its financial obligations for a period of at least 12 months from the date of approving these financial statements.



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**ALCHEM INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)**

**2.3 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

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

At each period end foreign currency monetary items are translated using the closing rate. 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 Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

**2.4 Revenue**

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance of service. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, rebates, VAT and other sales-related taxes or duty.

Revenue is recognised when services are physically provided to the customer and represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due.

Revenue recorded within these financial statements is recognised in accordance with the Revenue Recognition Policy which details the recognition of revenue based on work type. As revenue is obtained via a large amount of low value high volume transactions the following % are used based on matching principals to enable consistency of reporting.

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**ALCHEM INDUSTRIES LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**


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**2. Accounting policies (continued)****2.4 Revenue (continued)**

Type of Works	Valuation
Monitoring works	100%
Risk Assessment works - Completed on site	80%
Risk Assessment works - issued to clients	100%
Consultancy (completed works)	100%
Sub-contract work not receipted	0%
Sub-contract work receipted	100%
Chemical Delivered to site	100%
Service Visits Completed	100%
Equipment delivered to site	100%

Accrued income, which is included within debtors, represents completed works delivered to clients which can be invoiced and is stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts receivable as progress payments on account.

Where payments are received in advance of services provided, the amounts are recorded as Payments on account and are included as part of Creditors due within one year. Any changes to the order value are contractually agreed and the restated order value is then utilised in assessing the valuation.

**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.

**2.5 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.

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

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**ALCHEM INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)****2.6 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 Income Statement in the same period as the related expenditure.

**2.7 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 Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**2.8 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 reporting 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 Statement of Financial Position 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 reporting date.

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**ALCHEM INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)****2.9 Tangible fixed assets**

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

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

Depreciation is provided on the following basis:

Leasehold improvements	- over the life of the lease
Fixtures and fittings	- 15-25% straight line basis

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.

**2.10 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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.

**2.11 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.

**2.12 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.

**2.13 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.

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**ALCHEM INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)****2.14 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 Statement of Financial Position 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 Statement of Financial Position.

**2.15 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, unless it qualifies as a loan from a Director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Income Statement if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 Income Statement.

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 reporting date.

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**ALCHEM INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)**

**2.15 Financial instruments (continued)**

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

**3. Turnover**

All turnover arises from Water Treatment, Water Hygiene and Environmental services, including testing, inspection, sampling and chemical treatments services in the UK.

**4. Other operating income**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
HMRC Job Retention Scheme	-	35
	<u>          </u>	<u>          </u>

Funding received from the UK Government through the Coronavirus Job Retention Scheme to subsidise the payroll costs of employees whose work could not continue due to the Coronavirus pandemic.

**5. Auditors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	2	3
	<u>          </u>	<u>          </u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

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**ALCHEM INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**6. Employees**

	<b>2021 £000</b>	<b>2020 £000</b>
Wages and salaries	-	862
Social security costs	-	84
Staff pension contributions	-	34
	<u>-</u>	<u>980</u>

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

	<b>2021 No.</b>	<b>2020 No.</b>
Management	-	5
Administration	-	6
Operations	-	15
	<u>0</u>	<u>26</u>

**7. Directors' remuneration**

Directors' remuneration includes remuneration which has been borne by other group entities and the disclosure below incorporates the time spent by Directors performing qualifying services for the Company:

	<b>2021 £000</b>	<b>2020 £000</b>
Directors' remuneration	-	41
Company contributions to money purchase pension plans	-	12
	<u>-</u>	<u>53</u>

The number of Directors during the year was 4 (2020: 5) and at the year end was 4 (2020: 4).

The remuneration of the highest paid Director was £Nil (2020: £Nil) and the defined contribution pension was £Nil (2020: £Nil).

The Directors are remunerated through the sister company hsl Compliance Ltd and are paid for via a management charge between the two companies.

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**ALCHEM INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**8. Tangible fixed assets**

	Leasehold Improvements £000	Fixtures, Fittings and Equipment £000	Total £000
<b>Cost</b>			
At 1 January 2021	80	50	130
Disposals	(80)	(50)	(130)
At 31 December 2021	-	-	-
<b>Depreciation</b>			
At 1 January 2021	80	36	116
Disposals	(80)	(36)	(116)
At 31 December 2021	-	-	-
<b>Net book value</b>			
At 31 December 2021	-	-	-
At 31 December 2020	-	14	14

**9. Debtors**

	2021 £000	2020 £000
Trade debtors	-	1,090
Amounts owed by group undertakings	-	381
Other debtors	2	20
Prepayments and accrued income	-	127
	<u>2</u>	<u>1,618</u>

Trade debtors are stated after provisions for impairment of £Nil (2020: £Nil).



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**ALCHEM INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**10. Cash and cash equivalents**

	<b>2021 £000</b>	<b>2020 £000</b>
Cash at bank and in hand	-	214
	<u>          </u>	<u>          </u>

**11. Creditors: Amounts falling due within one year**

	<b>2021 £000</b>	<b>2020 £000</b>
Trade creditors	-	198
Corporation tax	-	149
Other taxation and social security	-	411
Other creditors and accruals	-	153
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>
	-	911
	<u>          </u>	<u>          </u>

**12. Deferred taxation**

	<b>2021 £000</b>	<b>2020 £000</b>
At beginning of year	(6)	(6)
Unknown movement	6	-
	<u>          </u>	<u>          </u>
<b>At end of year</b>	<u>          </u>	<u>          </u>
	-	(6)
	<u>          </u>	<u>          </u>

The deferred taxation balance is made up as follows:

	<b>2021 £000</b>	<b>2020 £000</b>
Fixed asset timing differences	-	(6)
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>
	-	(6)
	<u>          </u>	<u>          </u>

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**ALCHEM INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**13. Share capital**

	<b>2021</b>	<b>2020</b>
<b>Allotted, called up and fully paid</b>		
1 (2020: 1,500) Ordinary shares share of £1.00	<b>1</b>	<b>1,500</b>
	<u>1</u>	<u>1,500</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

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

**14. Pension commitments**

The Company operates a defined contribution scheme. The assets of the scheme are held in separate trustee administered funds. Contributions outstanding at 31 December 2021 amounted to £Nil (2020: £3,737).

**15. 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:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Less than one year	-	104
Between one and five years	-	348
In more than 5 years	-	87
	<u>-</u>	<u>539</u>

During the year £Nil was recognised as an expense in the profit and loss account in respect of operating leases (2020: £113,000).

The responsibilities for the lease transferred to hsl Compliance Ltd (Company registration 2425951) on 1st January 2021 when the Trade and Asset transfer was completed.

**16. Related party transactions**

The Company rents some of its premises from The Alchem Industries Limited Retirement Benefit Scheme, of whom the beneficiaries are former Directors Mr Hasson and Ms Dreece. A lease was entered into in December 2016 for 10 years with an annual rent of £55,000. The Company paid £Nil during the year in respect of this lease.

The Company has not disclosed transactions with other wholly owned group companies as it has taken advantage of the exemption contained within FRS 102.33.1A on the grounds that the Company is a wholly owned subsidiary.

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**ALCHEM INDUSTRIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**17. Ultimate Parent Undertaking and Controlling Party**

As at the year end the Company was controlled by hsl Compliance Holdings Ltd, a company incorporated in England & Wales with registered office at Alton House, Alton Business Park, Alton Road, Ross-on-Wye, Herefordshire, HR9 5BP, United Kingdom, its immediate parent company.

The parent undertaking of the largest and smallest group for which consolidated financial statements are prepared is SGI Holdings Ltd. It is registered in the UK at Alton House, Alton Business Park, Alton Road, Ross-on-Wye, Herefordshire, HR9 5BP.

In the opinion of the Directors the Company's ultimate parent company and ultimate controlling party is SGI Holdings Ltd.