

Healy Chemicals Limited

Reports and Financial Statements

for the financial year ended 30 June 2020



Company Number: 03100489

Healy Chemicals Limited

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Healy Chemicals Limited

DIRECTORS AND OTHER INFORMATION

Directors	Maurice Healy Anthony Healy Gareth Healy Christian Francke Gerrit Jan Wesselink Christian Kemper
Company Secretary	Anthony Healy
Company Number	03100489
Registered Office	Interlink Way West Bardon Industrial Estate Bardon Hill Leicestershire LE67 1 HH
Business Address	Interlink Way West Bardon Industrial Estate Bardon Hill Leicestershire LE67 1HH
Auditors	Whelan Dowling & Associates Chartered Accountants & Statutory Audit Firm Block 1 Unit 1 & 4 Northwood Court Santry Dublin 9 Ireland
Bankers	National Westminster Bank PLC Leicester City Branch 14-16 Haymarket Leicester LE1 3NT Barclays PO Box 1500 Dominus Way Meridian Business Park Leicester LE1 3NT
Solicitors	Websters Solicitors Bridle House Nursery Lane Quorn Loughborough Leicester LE1 8BH

Healy Chemicals Limited

STRATEGIC REPORT

for the financial year ended 30 June 2020

Review of the Company's Business

The principal activity of the company during the year under review is that of the wholesale of chemical products. The company intends to achieve its objectives by continuing to provide its customers with high quality products and great customer service.

Principal Risks and Uncertainties

The management team continually monitors the key risks facing the company and introduces controls to manage these risks. The principal risks and uncertainties facing the trading activities of the company are as follows:

- The market in which the company operates is highly competitive where pressures on margins continue. Competition is managed through close attention to customer service levels. The directors continue to monitor costs closely and strive to provide customers with the best quality product at the most competitive price.
- The company's trading performance is exposed to changes in general economic conditions in the UK and also to macroeconomic factors including the stability of overseas economies and governments, the imposition of travel bans and the restrictions on the movement of goods and people. The directors have considered the risks prevalent and these are managed by efficient product sourcing and by strict control of costs in response to changes in economic conditions.
- The risk with regard to the availability and continued existence of credit facilities to fund current operations and also the continuing ability of the company to secure appropriate ongoing funding if required for current and future operations in order to continue as a going concern.
- Brexit negotiations are still ongoing which could have an adverse affect on the future trading performance of the company.

The company is also faced with the continuing risks associated with the impact of the Covid-19 pandemic due primarily as a result of the travel restrictions imposed on the movement of goods and personnel, the duration of this and how the company deals with the financial impact that it will have on the company in both the short and long term. Accordingly, detailed cost cutting measures will need to be implemented to reduce overheads to somewhat compensate for any possible decline in turnover as a direct result of the impact of Covid-19.

Development and Performance

Revenue decreased by £164,431 to £15,330,890 in 2020 due primarily to the fall in revenues in the last few months of the financial year as a direct result of the global pandemic Covid-19. Gross profit margin decreased by 3% thus resulting in a decrease in operating profit of £241,227.

Financial Key Performance Indicators

Management use a range of performance measures to monitor and manage the business. The performance measures used are set out as follows:

Profit ratios

The Profit ratios during the financial year were as follows:

	2020	2019
	£	£
Revenue	15,330,890	15,495,321
Gross profit margin %	17	20
Gross profit	2,636,793	3,072,479
Profit for the financial year	696,043	1,146,044
Shareholders' Funds	3,433,966	3,037,923

On behalf of the board

Maurice Healy
Director

17 November 2020

Christian Kemper
Director

17 November 2020

Healy Chemicals Limited

DIRECTORS' REPORT

for the financial year ended 30 June 2020

The directors present their report and the audited financial statements for the financial year ended 30 June 2020.

Principal Activity

The principal activity of the company during the year under review is that of the wholesale of chemical products.

Results and Dividends

The profit for the financial year after providing for depreciation and taxation amounted to £696,043 (2019 - £1,146,044).

The directors have paid a final dividend amounting to £300,000.

Directors

The directors who served during the financial year are as follows:

Maurice Healy
Anthony Healy
Gareth Healy
Christian Francke
Gerrit Jan Wesselink
Christian Kemper

There were no changes in shareholdings between 30 June 2020 and the date of signing the financial statements.

In accordance with the Articles of Association, the directors retire by rotation and, being eligible, offer themselves for re-election.

Future Developments

The directors have no plans to change the current operations of the company in the foreseeable future and are continuing in implementing a strategy on dealing with the ongoing impact of the global Covid-19 health crisis on the company in the forthcoming financial period.

Post Statement of Financial Position Events

There have been no significant events affecting the company since the financial year-end other than the company is faced with the ongoing potential financial impact on the company's performance as a direct result of the global pandemic Covid-19.

Charitable and political contributions

The company did not make any disclosable political donations in the current financial year.

Auditors

The auditors, Whelan Dowling & Associates, (Chartered Accountants & Statutory Audit Firm) have indicated their willingness to continue in office in accordance with the provisions of Section 485 of the Companies Act 2006.

Financial Risk Management Objectives and Policies

The company makes little use of financial instruments other than an operational bank account, so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

Matters covered in Strategic Report

As permitted by Paragraph 1A of Schedule 7 of the Large & Medium-sized Companies & Groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on page 4. These matters relate to review of business and principal risks and uncertainties of the company.

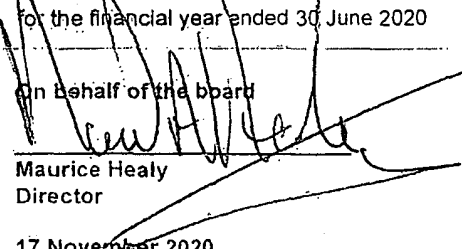
Statement as to Disclosure of Information to Auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that 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.

Healy Chemicals Limited
DIRECTORS' REPORT

for the financial year ended 30 June 2020

On behalf of the board


Maurice Healy
Director

17 November 2020


Christian Kemper
Director

17 November 2020

Healy Chemicals Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the financial year ended 30 June 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

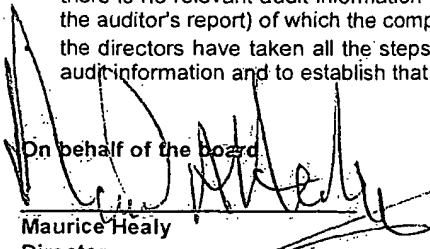
- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditor in connection with preparing the auditor's report) of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board


Maurice Healy
Director

17 November 2020


Christian Kemper
Director

17 November 2020

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Healy Chemicals Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Healy Chemicals Limited ('the company') for the financial year ended 30 June 2020 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, when reporting in accordance with a fair presentation framework the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its profit for the financial 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other Information

The other information comprises the information included in the annual report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information. 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.

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.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Healy Chemicals Limited

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept; or
- 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 for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, 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 they 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.


Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 contained in the appendix to this report, located at page 10, which is to be read as an integral part of our report.

Use of our report

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


Sean Whelan FCA (Senior Statutory Auditor)
for and on behalf of
WHELAN DOWLING & ASSOCIATES
Chartered Accountants & Statutory Audit Firm
Block 1 Unit 1 & 4
Northwood Court
Santry
Dublin 9
Ireland

17 November 2020

Healy Chemicals Limited

APPENDIX TO THE INDEPENDENT AUDITOR'S REPORT

Further information regarding the scope of our responsibilities as auditor

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude 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 Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Healy Chemicals Limited
INCOME STATEMENT

for the financial year ended 30 June 2020

	Notes	2020 £	2019 £
Revenue	5	15,330,890	15,495,321
Cost of sales		(12,694,097)	(12,422,842)
Gross profit		2,636,793	3,072,479
Administrative expenses		(2,142,244)	(2,197,890)
Other operating income		445,966	307,153
Operating profit	6	940,515	1,181,742
Exceptional items	7	-	266,450
Profit before interest		940,515	1,448,192
Finance costs	8	(63,037)	(82,304)
Profit before taxation		877,478	1,365,888
Tax on profit	10	(181,435)	(219,844)
Profit for the financial year	20	696,043	1,146,044
Total comprehensive income		696,043	1,146,044

Healy Chemicals Limited

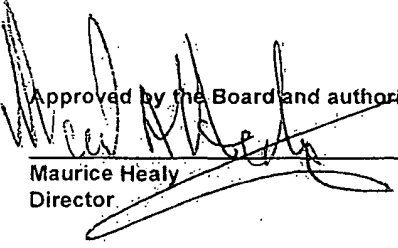
Company Number: 03100489

STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Notes	2020 £	2019 £
Non-Current Assets			
Property, plant and equipment	12	2,929,227	3,040,506
Current Assets			
Inventories	13	683,207	1,001,065
Receivables	14	2,464,630	2,840,210
Cash and cash equivalents		1,210,819	446,288
		4,358,656	4,287,563
Payables: Amounts falling due within one year	15	(2,185,649)	(2,083,948)
Net Current Assets		2,173,007	2,203,615
Total Assets less Current Liabilities		5,102,234	5,244,121
Payables			
Amounts falling due after more than one year	16	(1,479,868)	(2,017,798)
Provisions for liabilities	18	(188,400)	(188,400)
Net Assets		3,433,966	3,037,923
Equity			
Called up share capital	19	200	200
Revaluation reserve	20	942,000	942,000
Income statement		2,491,766	2,095,723
Equity attributable to owners of the company		3,433,966	3,037,923

Approved by the Board and authorised for issue on 17 November 2020 and signed on its behalf by


Maurice Healy
Director
Christian Kemper
Director

Healy Chemicals Limited

STATEMENT OF CHANGES IN EQUITY

as at 30 June 2020

	Share capital	Revaluation reserve	Retained earnings	Total
	£	£	£	£
At 1 July 2018	200	942,000	949,679	1,891,879
Profit for the financial year	-	-	1,146,044	1,146,044
At 30 June 2019	200	942,000	2,095,723	3,037,923
Profit for the financial year	-	-	696,043	696,043
Payment of dividends	-	-	(300,000)	(300,000)
At 30 June 2020	200	942,000	2,491,766	3,433,966

Healy Chemicals Limited **STATEMENT OF CASH FLOWS**

for the financial year ended 30 June 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Profit for the financial year		696,043	1,146,044
Adjustments for:			
Exceptional items		-	(266,450)
Finance costs		63,037	82,304
Tax on profit on ordinary activities		181,435	219,844
Depreciation		125,555	138,394
Profit/loss on disposal of intangible fixed assets		-	(18,000)
		<u>1,066,070</u>	<u>1,302,136</u>
Movements in working capital:			
Movement in inventories		317,858	58,637
Movement in receivables		375,580	478,463
Movement in payables		193,435	(766,957)
		<u>1,952,943</u>	<u>1,072,279</u>
Cash generated from operations		1,952,943	1,072,279
Interest paid		(63,037)	(82,304)
Tax paid		(214,905)	(83,745)
		<u>1,675,001</u>	<u>906,230</u>
Net cash generated from operating activities		<u>1,675,001</u>	<u>906,230</u>
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(14,276)	(103,884)
Receipts from sales of intangible assets		-	18,000
		<u>(14,276)</u>	<u>(85,884)</u>
Net cash used in investment activities		<u>(14,276)</u>	<u>(85,884)</u>
Cash flows from financing activities			
New long term loan		-	(4,982)
New short term loan		-	4,981
Repayment of short term loan		(355,124)	(409,912)
Movement in funding from subsidiaries/group companies and connected parties		(241,070)	(219,514)
Dividends paid		(300,000)	-
		<u>(896,194)</u>	<u>(629,427)</u>
Net cash used in financing activities		<u>(896,194)</u>	<u>(629,427)</u>
Net increase in cash and cash equivalents		<u>764,531</u>	<u>190,919</u>
Cash and cash equivalents at beginning of financial year		<u>446,288</u>	<u>255,369</u>
Cash and cash equivalents at end of financial year	28	<u><u>1,210,819</u></u>	<u><u>446,288</u></u>

Healy Chemicals Limited

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2020

1. GENERAL INFORMATION

Healy Chemicals Limited is a company limited by shares incorporated in the United Kingdom. The registered office of the company is Interlink Way West, Bardon Industrial Estate, Bardon Hill, Leicestershire LE67 1 HH which is also the principal place of business of the company. The nature of the company's operations and its principal activities are set out in the Directors' Report. The financial statements have been presented in Pound Sterling (£) which is also the functional currency of the company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Statement of compliance

The financial statements of the company for the year ended 30 June 2020 have been prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) issued by the Financial Reporting Council and in accordance with the Companies Act 2006.

Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Revenue

The turnover of the company is the amount invoiced to customers for goods and services provided, exclusive of value added tax and net of carriage outwards.

Loans and Borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment.

Property, plant and equipment and depreciation

Tangible fixed assets excluding land and buildings are stated at cost less accumulated depreciation. Land and buildings are valued at open market value. The charge to depreciation is calculated to write off the original cost or valuation less their estimated residual value, over their expected useful lives as follows:

Warehouse Fixtures	- 12.5% - 33.33% Straight Line
Leasehold Improvement	- Life of the Lease
Land & Buildings	- 2% Straight line
Office Equipment	- 12.5% Straight Line
Motor vehicles	- 25% Straight Line
Computer equipment	- 12.5% - 33.33% Straight Line

The carrying values of tangible fixed assets are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Leasing

Rentals payable under operating leases are dealt with in the Income Statement as incurred over the period of the rental agreement.

Inventories

Inventories are valued at the lower of cost and net realisable value. Inventories are determined on a first-in first-out basis. Cost comprises expenditure incurred in the normal course of business in bringing inventories to their present location and condition. Full provision is made for obsolete and slow moving items. Net realisable value comprises actual or estimated selling price (net of trade discounts) less all further costs to completion or to be incurred in marketing and selling.

Healy Chemicals Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 June 2020

Trade and other receivables

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases the receivables are stated at cost less impairment losses for bad and doubtful debts.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Statement of Financial Position bank overdrafts are shown within Payables.

Borrowing costs

Borrowing costs relating to the acquisition of assets are capitalised at the appropriate rate by adding them to the cost of assets being acquired. Investment income earned on the temporary investment of specific borrowings pending their expenditure on the assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the same value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Trade and other payables

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost.

Employee benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The assets of this scheme are also held separately from those of the company, being invested with pension fund managers.

Taxation and deferred taxation

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the financial year and is calculated using the tax rates and laws that have been enacted or substantially enacted at the Statement of Financial Position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future, or a right to pay less tax in the future. Timing differences are temporary differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured on an undiscounted basis at the tax rates that are anticipated to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Current or deferred taxation assets and liabilities are not discounted.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Statement of Financial Position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rates of exchange ruling at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The resulting exchange differences are dealt with in the Income Statement.

Research and development

Research expenditure is written off to the Income Statement in the year in which it is incurred.

Healy Chemicals Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 June 2020

Ordinary share capital

The ordinary share capital of the company is presented as equity.

Exceptional item

Exceptional items are those that the directors' view are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the company's financial performance.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgments and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Establishing useful economic lives for depreciation purposes of property, plant and equipment

Long-lived assets, consisting primarily of property, plant and equipment, comprises a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated useful lives of each type of asset and estimates of residual values. The directors regularly review these asset useful lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset useful economic lives can have a significant impact on depreciation and amortisation charges for the period.

(b) Provisioning for doubtful debts

The company makes an estimate of the recoverable value of trade and other debtors. The company uses estimates based on historical experience in determining the level of debts, which the company believes, will not be collected. These estimates include such factors as the current credit rating of the debtor, the ageing profile of debtors and historical experience. Any significant reduction in the level of customers that default on payments or significant improvements that resulted in a reduction in the level of bad debt provision would have a positive impact on the operating results. The level of provision required is reviewed on on-going basis. Historically the company has had a low level of bad and doubtful debts.

4. GOING CONCERN

The directors have performed a going concern assessment, comprising a review of the company's financial position, future operations and forecasts for a period of a least 12 months from the date of approval of the financial statements, which demonstrates that the company will be in a position to meet its liabilities as they fall due. It is our view, to the best of our knowledge, that Covid 19 will not have a material adverse impact on the company's ability to continue as a going concern and that the company has adequate resources to continue in operational existence for the foreseeable future. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

5. REVENUE

The whole of the company's revenue is attributable to its market in the United Kingdom and is derived from the principal activity of the wholesale of chemicals products.

Healy Chemicals Limited

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2020

continued

6. OPERATING PROFIT	2020	2019
	£	£
Operating profit is stated after charging:		
Depreciation of property, plant and equipment	125,555	138,394
Profit on disposal of intangible fixed assets	-	(18,000)
Research and development		
- expenditure in current financial year	92	2,450
Loss on foreign currencies	46,444	21,578
Operating lease rentals		
- Motor vehicles	25,241	18,251
Auditor's remuneration		
- audit services	17,937	15,000
	<u>17,937</u>	<u>15,000</u>
7. EXCEPTIONAL ITEMS	2020	2019
	£	£
Exceptional item: long-term advances from inter-group/connected companies written off	-	266,450
	<u>-</u>	<u>266,450</u>
8. FINANCE COSTS	2020	2019
	£	£
On bank loans and overdrafts	63,037	82,304
	<u>63,037</u>	<u>82,304</u>
9. EMPLOYEES AND REMUNERATION		
Number of employees		
The average number of persons employed (including executive directors) during the financial year was as follows:		
	2020	2019
	Number	Number
Warehouse	4	4
Distribution and sales	10	10
Management	1	1
Directors	6	6
Administration	2	2
	<u>23</u>	<u>23</u>
The staff costs (inclusive of directors' salaries) comprise:	2020	2019
	£	£
Wages and salaries	897,007	884,486
Social security costs	74,800	86,213
Pension costs	26,642	28,699
	<u>998,449</u>	<u>999,398</u>

Healy Chemicals Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 June 2020

10. TAX ON PROFIT

	2020 £	2019 £
(a) Analysis of charge in the financial year		
Current tax:		
Corporation tax at 19.00% (2019 - 19.00%)	190,653	224,123
Under/over provision in prior year	(9,218)	(4,279)
Total current tax	<u>181,435</u>	<u>219,844</u>

(b) Factors affecting tax charge for the financial year

The tax assessed for the financial year differs from the standard rate of corporation tax in the United Kingdom 19.00% (2019 - 19.00%). The differences are explained below:

	2020 £	2019 £
Profit taxable at 19.00%	<u>877,478</u>	<u>1,365,888</u>
Profit before tax		
multiplied by the standard rate of corporation tax		
in the United Kingdom at 19.00% (2019 - 19.00%)	166,721	259,519
Effects of:		
Expenses not deductible for tax purposes	3,471	(41,849)
Depreciation in excess of capital allowances for period	20,461	6,453
Adjustment to tax charge in respect of previous periods	(9,218)	(4,279)
Total tax charge for the financial year (Note 10 (a))	<u>181,435</u>	<u>219,844</u>

11. DIVIDENDS

	2020 £	2019 £
Dividends on equity shares:		
Ordinary Shares Class 1 - Final paid	<u>300,000</u>	<u>-</u>

Healy Chemicals Limited
NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 June 2020

12. PROPERTY, PLANT AND EQUIPMENT

	Warehouse Fixtures £	Leasehold Improvement £	Land & Buildings £	Office Equipment £	Motor vehicles £	Computer equipment £	Total £
Cost or Valuation							
At 1 July 2019	901,680	707,198	3,657,963	424,073	172,690	242,806	6,106,410
Additions	-	-	-	2,100	-	12,176	14,276
At 30 June 2020	901,680	707,198	3,657,963	426,173	172,690	254,982	6,120,686
Depreciation							
At 1 July 2019	832,648	707,198	777,963	408,671	96,618	242,806	3,065,904
Charge for the financial year	33,087	-	60,000	4,067	25,357	3,044	125,555
At 30 June 2020	865,735	707,198	837,963	412,738	121,975	245,850	3,191,459
Carrying amount							
At 30 June 2020	35,945	-	2,820,000	13,435	50,715	9,132	2,929,227
At 30 June 2019	69,032	-	2,880,000	15,402	76,072	-	3,040,506

The company's land and buildings were valued to open market value by FHP Property Consultants in the year ended 30 June 2017 in accordance with relevant technical statements issued by the Royal Institution of Chartered Surveyors in the sum of £3,000,000. The revaluation has been incorporated into the 2017 financial statements and the resulting revaluation adjustments have been taken to the revaluation reserve. This revaluation during the year ended 30 June 2017 resulted in a revaluation surplus of £942,000.

There were no assets held under finance leases included in the Tangible Fixed Assets above.

Healy Chemicals Limited

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2020

13. INVENTORIES	2020	2019
	£	£
Goods for resale	683,207	1,001,065

The replacement cost of stock did not differ significantly from the figures shown.

14. RECEIVABLES	2020	2019
	£	£
Trade receivables	2,187,264	2,586,150
Amounts owed by connected parties (Note 25)	717	-
Other debtors	130,560	109,831
Prepayments and accrued income	146,089	144,229
	<u>2,464,630</u>	<u>2,840,210</u>

15. PAYABLES	2020	2019
Amounts falling due within one year	£	£
Bank loan	350,143	355,124
Trade payables	930,310	635,217
Amounts owed to group companies	523,065	622,769
Amounts owed to connected parties (Note 25)	100,000	153,283
Taxation (Note 17)	232,105	285,403
Accruals	50,026	32,152
	<u>2,185,649</u>	<u>2,083,948</u>

Security

Bank borrowings are secured by a first charge held by National Westminster Bank PLC over the property at Interlink Way West, Bardon Industrial Estate, Bardon Hill, Leicestershire LE67 1HH. Other bank borrowings are secured by a legal charge and debenture held by Barclays Bank PLC over the assets of the company.

Trade creditors include amounts owing to suppliers, who purport to include reservation of title clauses in their conditions of sales. It is not practicable to quantify this amount, or how much of it is included in stocks.

16. PAYABLES	2020	2019
Amounts falling due after more than one year	£	£
Bank loan	165,356	515,499
Amounts owed to group companies	1,314,512	1,502,299
	<u>1,479,868</u>	<u>2,017,798</u>
Loans		
Repayable in one year or less, or on demand (Note 15)	350,143	355,124
Repayable between one and two years	165,356	350,143
Repayable between two and five years	-	165,356
	<u>515,499</u>	<u>870,623</u>

Healy Chemicals Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 June 2020

17. TAXATION	2020 £	2019 £
Payables:		
VAT	18,830	29,503
Corporation tax	190,653	224,123
PAYE / NI	22,622	31,777
	<u>232,105</u>	<u>285,403</u>

18. PROVISIONS FOR LIABILITIES

The amounts provided for deferred taxation are analysed below:

	Property revaluations £	Total 2020 £	Total 2019 £
At financial year start	188,400	188,400	188,400
At financial year end	<u>188,400</u>	<u>188,400</u>	<u>188,400</u>

19. SHARE CAPITAL

Description	Number of shares	Value of units £1 each	2020 £	2019 £
Allotted, called up and fully paid Ordinary Shares Class 1	200	£1 each	<u>200</u>	<u>200</u>

The directors' interests in the shares of the company are as follows:-

Name	Class of Shares	Number Held At 30/06/20	01/07/19
Maurice Healy	Ordinary Shares Class 1	<u>100</u>	<u>100</u>

20. RESERVES

Revaluation Reserve

The revaluation reserve represents the cumulative effect of revaluations of tangible fixed assets where a policy of revaluation has been adopted.

Income Statement

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

Healy Chemicals Limited

NOTES TO THE FINANCIAL STATEMENTS

continued

for the financial year ended 30 June 2020

21. FINANCIAL COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2020 £	2019 £
Due:		
Within one year	36,892	35,698
Between one and five years	21,807	43,299
	<u>58,699</u>	<u>78,997</u>

22. CAPITAL COMMITMENTS

There were no capital commitments at the year ended 30 June 2020.

23. CONTINGENT LIABILITIES

There were no contingent liabilities at the year ended 30 June 2020.

24. DIRECTORS' REMUNERATION

	2020 £	2019 £
Remuneration	<u>115,035</u>	<u>144,000</u>

The directors of the company are deemed as key management.

25. RELATED PARTY TRANSACTIONS

Included in payables is an amount of £1,837,577 owed at the 30th June 2020 (2019 - £2,125,068) to Emsland-Starke GmbH a company registered in Germany which owns 50% of the issued share capital of the company.

	Balance 2020 £	Movement in year £	Balance 2019 £	Maximum in year £
Healy Group China	<u>717</u>	<u>717</u>	<u>-</u>	<u>-</u>

The following amounts are due to other connected parties:

	2020 £	2019 £
Healy Chemicals (UK) Holdings Limited	100,000	134,993
Healy Chemicals Ireland Limited	-	18,290
	<u>100,000</u>	<u>153,283</u>

Net balances with other connected parties:

	2020 £	2019 £
Healy Chemicals (UK) Holdings Limited	(100,000)	(134,993)
Healy Chemicals Ireland Limited	-	(18,290)
Healy Group China	717	-
	<u>(99,283)</u>	<u>(153,283)</u>

Healy Chemicals Limited

NOTES TO THE FINANCIAL STATEMENTS

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for the financial year ended 30 June 2020

Healy Chemicals (UK) Holding Limited is a company controlled by a common director Maurice Healy. The company repaid £34,993 to Healy Chemicals (UK) Holdings Limited during the year under review and there was a balance at the year end of £100,000 due to Healy Chemicals (UK) Holdings Limited from Healy Chemicals Limited.

Healy Chemicals Ireland Limited is a company controlled by a common director Maurice Healy. During the year, Healy Chemicals Limited were charged management fees of £239,571 by Healy Chemicals Ireland Limited. There were no monies owed or owing to/from Healy Chemicals Ireland Limited at the year end.

Healy Group China is a company jointly controlled by a common director Maurice Healy. At the year end there is an amount of £717 owed to the company by Healy Group China.

In the opinion of the directors these amounts arise in the ordinary course of business and the terms of the amounts due are in accordance with the terms ordinarily offered by the company.

26. CONTROLLING INTEREST

The company is controlled by Maurice Healy and Emsland-Starke GmbH (a German registered company) who each own 50% of the issued share capital of the company.

27. EVENTS AFTER END OF REPORTING PERIOD

There have been no significant events affecting the company since the financial year-end other than the company is faced with the ongoing potential financial impact on the company's performance as a direct result of the global pandemic Covid-19.

28. CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash and bank balances	975,092	445,758
Cash equivalents	235,727	530
	<u>1,210,819</u>	<u>446,288</u>

29. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Opening balance £	Cash flows £	Acquisition £	Other changes £	Closing balance £
Long-term borrowings	(2,017,798)	-	187,787	350,143	(1,479,868)
Short-term borrowings	(508,407)	355,124	53,283	(350,143)	(450,143)
Total liabilities from financing activities	<u>(2,526,205)</u>	<u>355,124</u>	<u>241,070</u>	<u>-</u>	<u>(1,930,011)</u>