

Healy Chemicals Limited

**Annual report and financial statements for the
financial year ended 30 June 2021**

Company Number: 03100489



ANNUAL REPORTS AND FINANCIAL STATEMENTS
for the year ended 30 June 2021

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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 1HH

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

AUDITORS

Ernst & Young,
Chartered Accountants,
Ernst & Young Building,
Harcourt Centre,
Harcourt Street,
Dublin 2.

STRATEGIC REPORT
for the year ended 30 June 2021

PRINCIPAL ACTIVITY

The principal activity of the company during the year under review is that of the wholesale of food ingredients. 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:

Market Risk

The market in which the company operates is predominately a commodity product driven market and 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.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Balances with existing customers are monitored on a continuous basis with appropriate action taken when outstanding balances exceed credit terms.

Liquidity risk

The company actively manages its cash resources to ensure that it has sufficient available funds for operations and capital expenditure.

Interest rate risk

The company has interest bearing liabilities which include a bank loan, and a loan with a group undertaking. All loans have a fixed interest rate.

Foreign exchange risk

The company's operations are principally in the United Kingdom, and as a result it is primarily exposed to foreign exchange risk in the normal course of business with respect to Euro on purchases from suppliers in Europe. Foreign exchange exposure is kept under constant review, the company makes use of derivative foreign currency contracts, as needed, to mitigate the effects of movements in the value of Euro relative to Sterling.

DEVELOPMENT AND PERFORMANCE

Revenue decreased by £251,812 to £15,079,078 in FY2021 due primarily to the fall in revenues in the beginning of the financial year as a direct result of the global pandemic COVID-19. Gross profit margin increased by 1.8% to 19%, while operating profit increased by £381,897 to £1,322,412 as a result of close cost management and foreign currency management.

STRATEGIC REPORT

for the year ended 30 June 2021 (Continued)

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:

	2021	2020
	£	£
Revenue	15,079,078	15,330,890
Gross profit margin %	19	17
Gross profit	2,859,812	2,636,793
Profit for the financial year	1,017,238	696,043
Shareholders' funds	4,211,204	3,433,966

On behalf of the board

Maurice Healy
Director

Christian Kemper
Director

Date: 19 October 2021

DIRECTORS' REPORT
for the year ended 30 June 2021

The directors present their report and audited financial statements for the year ended 30 June 2021.

RESULTS AND DIVIDENDS

The profit for the financial year after providing for depreciation and taxation amounted to £1,017,238 (2020: £696,043).

The directors have paid a final dividend amounting to £240,000 (2020: £300,000).

DIRECTORS

The directors of the company during the year and at the date of signing the financial statements are listed on page 2.

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

DIRECTORS' AND SECRETARY'S INTERESTS

Maurice Healy owns 100 ordinary shares in the company. The other directors and secretary held no interest in the company at 31 December 2020 or 31 December 2019 or subsequent date of appointment.

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

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, together with Brexit implications, which have yet to fully settle, 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.

CHARITABLE AND POLITICAL CONTRIBUTIONS

The company did not make any disclosable political donations in the current financial year. The company made charitable donations of £9,509 to local charities in the year.

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.

DIRECTORS' REPORT

for the year ended 30 June 2021 (Continued)

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. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

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 3. These matters relate to review of business and principal risks and uncertainties of the company.

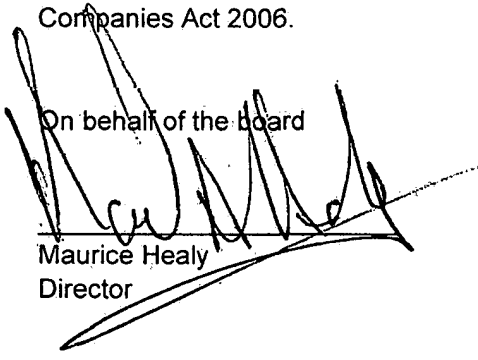
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS


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 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.

AUDITORS

The auditors, Dowling & Associates, (Chartered Accountants and Statutory Audit Firm) retired during the year and Ernst & Young, Chartered Accountants, were appointed in their stead. Ernst & Young will continue in office in accordance with the provisions of section 485 of the Companies Act 2006.

On behalf of the board


Maurice Healy
Director


Christian Kemper
Director

Date: 19 October 2021

DIRECTORS' RESPONSIBILITIES STATEMENT
for the year ended 30 June 2021

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable laws 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 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 of the company and of the profit or loss of the company for that period.

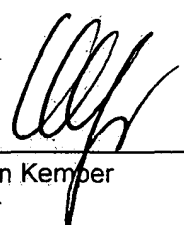
In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

On behalf of the board


Maurice Healy
Director


Christian Kemper
Director

Date: 19 October 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALY CHEMICALS LIMITED

Opinion

We have audited the financial statements of Healy Chemicals Limited ('the company') for the year ended 30 June 2021 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, Statement of cash flows and the related notes 1 to 29, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALY CHEMICALS LIMITED (Continued)

Other Information

The other information comprises the information included in the Strategic Report and Directors' Report. 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 this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALY CHEMICALS LIMITED (Continued)

Responsibilities of directors (Continued)

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are with United Kingdom Generally Accepted Accounting Practice, Companies Act 2006 and relevant tax compliance regulations in the UK.
- We understood how the company is complying with those frameworks by making enquiries of management. We corroborated our enquiries through reading the board minutes, and we noted no contradictory evidence.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by inquiry of management, those charged with governance and others within the entity, as to whether they have knowledge of any actual or suspected fraud. Where this risk was considered higher, we performed audit procedures to address the fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved reading board minutes to identify any non-compliance with laws and regulations and enquiries of management.

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

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALY CHEMICALS LIMITED
(Continued)**

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.

Ernst & Young

Roger Wallace (Senior statutory auditor)
for and on behalf of Ernst & Young
Chartered Accountants, Statutory Auditor

Dublin

Date: 15 November 2021

INCOME STATEMENT
for the year ended 30 June 2021

	<i>Note</i>	<i>2021</i> £	<i>2020</i> £
Revenue	5	15,079,078	15,330,890
Cost of sales		(12,219,266)	(12,694,097)
Gross profit		2,859,812	2,636,793
Administrative expenses		(1,940,363)	(2,142,244)
Other operating income		402,963	445,966
Operating profit	6	1,322,412	940,515
Finance costs	7	(46,268)	(63,037)
Profit before taxation		1,276,144	877,478
Tax on profit	10	(258,906)	(181,435)
Profit for the financial year		<u>1,017,238</u>	<u>696,043</u>

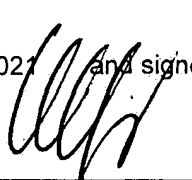
The company has no other recognised items of income and expenses other than the results for the financial year as set out above.

STATEMENT OF FINANCIAL POSITION
as at 30 June 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Property, plant and equipment	12	2,880,526	2,929,227
CURRENT ASSETS			
Inventories	13	873,040	683,207
Debtors (amounts falling due within one year)	14	2,630,106	2,464,630
Cash and cash equivalents		1,009,456	1,210,819
		<u>4,512,602</u>	<u>4,358,656</u>
CREDITORS (amounts falling due within one year)	15	(1,866,800)	(2,185,649)
NET CURRENT ASSETS		<u>2,645,802</u>	<u>2,173,007</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,526,328</u>	<u>5,102,234</u>
CREDITORS (amounts falling due after more than one year)	16	(1,126,724)	(1,479,868)
PROVISIONS FOR LIABILITIES	18	(188,400)	(188,400)
NET ASSETS		<u><u>4,211,204</u></u>	<u><u>3,433,966</u></u>
EQUITY			
Called up share capital	19	200	200
Revaluation reserve		942,000	942,000
Profit and loss account		3,269,004	2,491,766
TOTAL EQUITY		<u><u>4,211,204</u></u>	<u><u>3,433,966</u></u>

Approved by the board and authorised on 19 October 2021 and signed on its behalf by:


Maurice Healy
Director


Christian Kemper
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2021

	Share capital £	Revaluation reserve £	Retained earnings £	Total £
At 30 June 2019	200	942,000	2,095,723	3,037,923
Profit for the financial year	—	—	696,043	696,043
Dividends	—	—	(300,000)	(300,000)
At 30 June 2020	200	942,000	2,491,766	3,433,966
Profit for the financial year	—	—	1,017,238	1,017,238
Dividends	—	—	(240,000)	(240,000)
At 30 June 2021	200	942,000	3,269,004	4,211,204

STATEMENT OF CASH FLOWS
for the year ended 30 June 2021

	<i>Note</i>	2021 £	2020 £
CASH FLOWS FROM OPERATIONS			
ACTIVITIES			
Profit for the financial year		1,017,238	696,043
<i>Adjustments for:</i>			
Finance costs		46,268	63,037
Tax on profit on ordinary activities		258,906	181,435
Depreciation		117,080	125,555
		<u>1,439,492</u>	<u>1,066,070</u>
MOVEMENTS IN WORKING CAPITAL			
Movements in inventories		(189,833)	317,858
Movement in debtors		(165,476)	375,580
Movement in creditors		(257,519)	193,435
		<u>826,664</u>	<u>1,952,943</u>
Cash generated from operations		826,664	1,952,943
Interest paid		(46,628)	(63,037)
Tax paid		(190,635)	(214,905)
		<u>589,401</u>	<u>1,675,001</u>
NET CASH GENERATED FROM			
OPERATING ACTIVITIES		<u>589,401</u>	<u>1,675,001</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment		(68,379)	(14,276)
		<u>(68,379)</u>	<u>(14,276)</u>
NET CASH USED IN INVESTMENT ACTIVITIES		<u>(68,379)</u>	<u>(14,276)</u>

STATEMENT OF CASH FLOWS
for the year ended 30 June 2021 (Continued)

	Note	2021 £	2020 £
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank loan		(350,144)	(355,124)
Movement in funding from subsidiaries/ group companies and connected parties		(132,241)	(241,070)
Dividends paid		(240,000)	(300,000)
NET CASH USED IN FINANCE ACTIVITIES		<u>(722,385)</u>	<u>(896,194)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		<u>(201,363)</u>	<u>764,531</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		<u>1,210,819</u>	<u>446,288</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	28	<u><u>1,009,456</u></u>	<u><u>1,210,819</u></u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

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, Garden 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 policies have been applied in dealing with items which considered material in relation to the company's financial statements.

2.1 *Statement of compliance*

The financial statements of the company for the year ended 30 June 2021 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.

2.2 *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.

2.3 *Revenue*

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding trade discounts, rebates, VAT and other sales taxes or duties. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on receipt of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 *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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 *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.

2.6 *Leasing*

Rentals payable under operating leases are charged in the Income Statement on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

2.7 *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.

2.8 *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 unless 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.

2.9 *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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 *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.

2.11 *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.

2.12 *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.

2.13 *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.

2.14 *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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021 (Continued)

2. ACCOUNTING POLICIES (Continued)

2.15 *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.

2.16 *Research and development*

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

2.17 *Ordinary share capital*

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

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.

Judgements 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 amount 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.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021 (Continued)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(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. 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.

6. STAFF COSTS AND DIRECTORS' REMUNERATION

(a) *Number of employees*

The average number of persons employed (included executive directors) during the financial year was as follows:

	2021 No.	2020 No
Warehouse	5	4
Distribution and sales	10	10
Management	1	1
Directors	6	6
Administration	2	2
	<u>24</u>	<u>23</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021 (Continued)

6. STAFF COSTS AND DIRECTORS' REMUNERATION (Continued)

The staff costs (inclusive of directors' salaries) comprise:

	2021	2020
	£	£
Wages and salaries	926,985	897,007
Social security costs	74,399	74,800
Pension costs	26,877	26,642
	<u>1,028,561</u>	<u>998,449</u>

7. OPERATING PROFIT

Operating profit stated after charging:

	2021	2020
	£	£
Depreciation of property, plant and equipment	117,080	125,555
Research and development:		
- expenditure in current financial year	1,909	92
(Gain)/loss on foreign currencies	(36,492)	46,444
Operating lease rentals:		
- motor vehicles	20,898	25,241
Auditor's remuneration:		
- audit services	18,000	17,937
	<u>117,080</u>	<u>125,555</u>

9. FINANCE COSTS

	2021	2020
	£	£
On bank loans and overdrafts	46,268	63,037
	<u>46,268</u>	<u>63,037</u>

10. TAXATION

(a)	Analysis of charge in the financial year	2021	2020
		£	£
	Current tax:		
	corporation tax at 19.00% (2020: 19.00%)	264,000	190,653
	Over provision in prior year	(5,094)	(9,218)
	Total current tax	<u>258,906</u>	<u>181,435</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021 (Continued)

10. TAXATION (Continued)

(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 of 19.00% (2020: 19.00%). The differences are explained below:

	2021 £	2020 £
Profit taxable at 19.00%	1,276,144	877,478
Profit before tax multiplied by the standard rate of corporation tax in the United Kingdom at 19.00% (2020: 19.00%)	242,467	166,721
Effects of:		
Expenses not deductible for tax purposes	2,138	3,471
Depreciation in excess of capital allowances for period	19,395	20,461
Adjustment to tax charge in respect of previous periods	(5,094)	(9,218)
Total tax charge for the financial year (note 10(a))	258,906	181,435

HEALY CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
30 June 2021 (Continued)

12. PROPERTY, PLANT AND EQUIPMENT

	<i>Warehouse fixtures £</i>	<i>Leasehold improvement £</i>	<i>Land & buildings £</i>	<i>Office equipment £</i>	<i>Motor vehicles £</i>	<i>Computer equipment £</i>	<i>Total £</i>
<i>Cost:</i>							
At 1 July 2020	901,680	707,198	3,657,963	426,173	172,690	254,982	£120,686
Additions	59,670	-	-	-	-	8,709	68,379
At 30 June 2021	961,350	707,198	3,657,963	426,173	172,690	263,691	£189,065
<i>Depreciation:</i>							
At 1 July 2020	865,735	707,198	837,963	412,738	121,975	245,850	£191,459
Charge for financial year	23,904	-	60,000	3,359	25,357	4,460	117,080
At 30 June 2021	889,639	717,198	897,963	416,097	147,332	250,310	£308,539
<i>Carrying amount:</i>							
At 30 June 2021	71,711	-	2,760,000	10,076	25,358	13,381	£288,526
At 30 June 2020	35,945	-	2,820,000	13,435	50,715	9,132	£2929,227

NOTES TO THE FINANCIAL STATEMENTS 30 June 2021 (Continued)

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

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 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

13. INVENTORIES	2021 £	2020 £
Goods for resale	<u>873,040</u>	<u>683,207</u>

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

14. DEBTORS (amounts falling due within one year)	2021 £	2020 £
Trade receivables	2,474,043	2,187,264
Amounts owed by connected parties (note 25)	—	717
Other debtors	—	130,560
Prepayments and accrued income	156,063	146,089
	<u>2,630,106</u>	<u>2,464,630</u>

15. CREDITORS (amounts falling due within one year)	2021 £	2020 £
Bank loan	165,355	350,143
Trade payables	659,747	930,310
Amounts owed to group companies	678,612	523,065
Amounts owed to connected parties (note 25)	—	100,000
Taxation (note 17)	326,207	232,105
Accruals	36,879	50,026
	<u>1,866,800</u>	<u>2,185,649</u>

Included within amounts owed to group companies is a general trading balance of €490,824 which is payable on demand, unsecured and interest free, and an intercompany loan of €187,788.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021 (Continued)

15. CREDITORS (amounts falling due within one year) (Continued)

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 1NH. 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. CREDITORS (amounts falling due after more than one year)	2021 £	2020 £
Bank loan	–	165,356
Amounts owed to group companies	1,126,724	1,314,512
	<u>1,126,724</u>	<u>1,479,868</u>
<i>Details of loans are as follows:</i>		
Bank loan	165,355	415,499
Intercompany loan	1,314,512	1,502,299
	<u>1,479,867</u>	<u>1,917,798</u>

The bank loan is repayable over monthly instalments from March 2017 and incurs interest at a rate of 2.5%.

The intercompany loan is payable in ten annual instalments from June 2019 and incurs interest at a rate of 2.5%.

17. TAXATION	2021 £	2020 £
Payables:		
VAT	47,241	18,830
Corporation tax	258,907	190,653
PAYE/NI	20,059	22,622
	<u>326,207</u>	<u>232,105</u>

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021 (Continued)

18. PROVISIONS FOR LIABILITIES

The amounts provided for deferred taxation are analysed below:

	<i>Property revaluations</i>	<i>Total 2021</i>	<i>Total 2020</i>
	£	£	£
At financial year start	188,400	188,400	188,400
At financial year end	188,400	188,400	188,400

19. SHARE CAPITAL

<i>Description</i>	<i>Number of shares</i>	<i>Value of units</i>	<i>2021 £</i>	<i>2020 £</i>
<i>Allotted, called up and fully paid:</i>				
Ordinary shares Class 1	200	£1 each	200	200

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

<i>Name</i>	<i>Class of shares</i>	<i>Number held at</i>	
		<i>30 June 2021</i>	<i>1 July 2021</i>
Maurice Healy	Ordinary shares Class 1	100	100

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.

Profit and loss account

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021 (Continued)

21. FINANCIAL COMMITMENTS

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

	2021	2020
	£	£
Due:		
Within one year	21,050	36,892
Between one to five years	4,430	21,807
	<u>25,480</u>	<u>58,699</u>

22. CAPITAL COMMITMENTS

There were no capital commitments at the year ended 30 June 2021.

24. DIRECTORS' REMUNERATION

	2021	2020
	£	£
Remuneration	<u>115,665</u>	<u>115,035</u>

The directors of the company are deemed as key management.

25. RELATED PARTY TRANSACTIONS

Included in payables is an amount of €1,805,336 owed at 30 June 2021 (2020: £1,837,577) to Emsland-Starke GmbH a company registered in Germany which owns 50% of the issued share capital of the company.

Healy Chemicals (UK) Holding Limited is a company controlled by a common director Maurice Healy. The company repaid £100,000 to Healy Chemicals (UK) Holdings Limited during the year under review and there was a balance at the year end of £Nil (2020: £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 £240,216 (2020: £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 £Nil (2020: £717) owed to the company by Healy Group China.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021 (Continued)

25. RELATED PARTY TRANSACTIONS (Continued)

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.

28. CASH AND CASH EQUIVALENTS	2021 £	2020 £
Cash and bank balances	773,706	975,092
Cash equivalents	235,750	235,727
	<u>1,009,456</u>	<u>1,210,819</u>

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

	Opening balance £	Cash flows £	Acquisition £	Other changes £	Closing balance £
Long-term borrowings	(1,479,868)	-	-	353,144	(1,126,724)
Short-term borrowings	(450,143)	350,144	287,788	(353,144)	(165,355)
Total liabilities from financing activities	<u>(1,930,011)</u>	<u>350,144</u>	<u>287,788</u>	<u>-</u>	<u>1,292,079</u>