

Axchem International Limited

Registered number: 05577382

Unaudited financial statements

For the year ended 31 December 2018

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	5	233,438	213,609
		<u>233,438</u>	<u>213,609</u>
Current assets			
Stocks	6	842,945	668,668
Debtors: amounts falling due within one year	7	2,424,618	2,220,746
Cash at bank and in hand	8	444,307	90,444
		<u>3,711,870</u>	<u>2,979,858</u>
Creditors: amounts falling due within one year	9	(2,379,141)	(1,634,105)
Net current assets		<u>1,332,729</u>	<u>1,345,753</u>
Total assets less current liabilities		<u>1,566,167</u>	<u>1,559,362</u>
Creditors: amounts falling due after more than one year	10	(1,516,176)	(1,516,783)
		<u>49,991</u>	<u>42,579</u>
Provisions for liabilities			
Deferred taxation	12	(7,414)	(8,472)
Net assets		<u>42,577</u>	<u>34,107</u>
Capital and reserves			
Called up share capital	13	900,001	900,001
Profit and loss account	14	(857,424)	(865,894)
		<u>42,577</u>	<u>34,107</u>

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The Company was entitled to exemption from audit under section 477 of the Companies Act 2006.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

AXCHEM INTERNATIONAL LIMITED
REGISTERED NUMBER: 05577382

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 September 2019.

F A Piatti
Director

The notes on pages 3 to 12 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General information

The "Company" is a private company limited by share capital incorporated in England and Wales.

The address of the registered office is:

Axchem House

Unit E3 Commercial Road

Tower Business Park

Darwen

BB3 0FJ

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been presented in pound sterling which is the functional currency of the company, and rounded to the nearest £.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of IAS 7 Statement of Cash Flows
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 Going concern

The financial statements have been prepared on a going concern basis.

The company is reliant upon funding from other group companies to enable it to meet commitments as they fall due. The director has received confirmation that other group companies will not demand repayment in part or in full until such time that the company is in a position to do so. The director has considered a period in excess of twelve months from the date of approval of these financial statements in making his decision.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.4 Foreign currency translation

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

2.5 Turnover

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Company's activities. Turnover is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the company.

The Company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Company's activities.

2.6 Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

2.7 Pensions

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

2.8 Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS 102.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

2.9 Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.10 Tangible fixed assets

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

Depreciation is provided on the following basis:

Plant & machinery	-	15% Straight line
Laboratory equipment	-	15% Straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.11 Stocks

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

Goods in transit refers to goods or supplies that have already been shipped from the supplier's warehouse but not yet delivered to the buyer. The ownership of the goods is transferred to the buyer as soon as the seller ships the items.

2.12 Debtors

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

2.13 Cash and cash equivalents

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

2.14 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.15 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

In applying the Company's accounting policies, the director is required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The director's judgements, estimates and assumptions are based on the most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical judgements in applying the accounting policies

The critical judgements that the director has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below:

i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment associated with fixed and current assets, the director has considered both external and internal sources of information such as market values, changes in technological, economic and legal environments and economic performance.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, 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:

(i) Determining residual values and useful economic lives of property, plant and equipment

The Company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the Company would currently obtain for the disposal of the asset, if it were already of the condition expected the end of its useful economic life. Where possible this is done with reference to external market prices.

4. Employees

The average monthly number of employees, including directors, during the year was 14 (2017 - 10).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

5. Tangible fixed assets

	Plant & machinery £	Laboratory equipment £	Total £
Cost or valuation			
At 1 January 2018	331,511	-	331,511
Additions	50,658	29,972	80,630
At 31 December 2018	<u>382,169</u>	<u>29,972</u>	<u>412,141</u>
Depreciation			
At 1 January 2018	117,902	-	117,902
Charge for the year on owned assets	59,287	1,514	60,801
At 31 December 2018	<u>177,189</u>	<u>1,514</u>	<u>178,703</u>
Net book value			
At 31 December 2018	<u>204,980</u>	<u>28,458</u>	<u>233,438</u>
At 31 December 2017	<u>213,609</u>	<u>-</u>	<u>213,609</u>

6. Stocks

	2018 £	2017 £
Finished goods	628,199	630,305
Goods in transit	<u>214,746</u>	<u>38,363</u>

Total purchases relating to stock recognised in the statement of comprehensive income was £4,865,711 (2017 - £4,356,934).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

7. Debtors

	2018 £	2017 £
Trade debtors	2,340,427	2,182,023
Amounts owed by group undertakings	35,511	29,448
Other debtors	35,950	-
Prepayments and accrued income	12,730	9,275
	<u>2,424,618</u>	<u>2,220,746</u>

8. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>444,307</u>	<u>90,444</u>

9. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	287,594	198,830
Amounts owed to other participating interests	1,886,281	1,304,502
Other taxation and social security	117,523	85,950
Accruals and deferred income	87,743	44,823
	<u>2,379,141</u>	<u>1,634,105</u>

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

	2018 £	2017 £
Amounts owed to group undertakings	<u>1,516,176</u>	<u>1,516,783</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Financial instruments

	2018	2017
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	444,307	90,444
Financial assets that are debt instruments measured at amortised cost	2,411,888	2,211,471
	<u>2,856,195</u>	<u>2,301,915</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(3,690,051)</u>	<u>(2,219,386)</u>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets measured at amortised cost comprise trade debtors, intercompany loans and other debtors.

Financial liabilities measured at amortised cost comprise amounts owed to group companies, trade creditors and other creditors.

12. Deferred taxation

	2018	2017
	£	£
At beginning of year	(8,472)	(6,884)
Charged to profit or loss	1,058	(1,588)
At end of year	<u>(7,414)</u>	<u>(8,472)</u>

The provision for deferred taxation is made up as follows:

	2018	2017
	£	£
Accelerated capital allowances	(9,748)	(8,472)
Tax losses carried forward	<u>2,334</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
900,001 (2017 - 900,001) Ordinary shares of £1.00 each	<u>900,001</u>	<u>900,001</u>

14. Reserves

Profit & loss account

Profit and loss reserve represents accumulated profits less dividends paid. All profit and loss reserves are distributable.

15. Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £58,864 (2017 - £19,284).

There were no contributions payable to the scheme at the year end.

16. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	9,488	12,278
Later than 1 year and not later than 5 years	37,950	-
Later than 5 years	35,578	-
	<u>83,016</u>	<u>12,278</u>

17. Related party transactions

The company has taken advantage of the exemption in FRS 101 from disclosing transactions with other members of the group.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

18. Controlling party

The company is controlled by Axchem Holding Company (formerly Overseas Investment Inc), the immediate parent company, incorporated under the laws of the state of Delaware, USA.

The director considers that there is no ultimate controlling party.

19. Group accounts

The largest group of undertakings for which the group accounts have been drawn up is that headed by Axchem Holding Company (formerly Overseas Investment Inc), incorporated under the laws of the state of Delaware, USA.

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