

# **Axchem (UK) Limited**

Registered number: 05577382

## **Unaudited financial statements**

**For the year ended 31 December 2021**



**AXCHEM (UK) LIMITED**  
**REGISTERED NUMBER: 05577382**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	4	291,747	372,921
		<u>291,747</u>	<u>372,921</u>
<b>Current assets</b>			
Stocks	5	1,056,590	900,187
Debtors: amounts falling due within one year	6	982,256	2,136,053
Cash at bank and in hand	7	425,165	520,028
		<u>2,464,011</u>	<u>3,556,268</u>
Creditors: amounts falling due within one year	8	<u>(1,093,008)</u>	<u>(1,587,974)</u>
<b>Net current assets</b>		<u>1,371,003</u>	<u>1,968,294</u>
<b>Total assets less current liabilities</b>		<u>1,662,751</u>	<u>2,341,215</u>
Creditors: amounts falling due after more than one year	9	(1,685,612)	(2,207,996)
<b>Net assets</b>		<u>(22,861)</u>	<u>133,219</u>
<b>Capital and reserves</b>			
Called up share capital	11	900,001	900,001
Profit and loss account	12	(922,862)	(766,782)
		<u>(22,861)</u>	<u>133,219</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.

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**AXCHEM (UK) LIMITED**  
**REGISTERED NUMBER: 05577382**

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**BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

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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. 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 were approved and authorised for issue by the board and were signed on its behalf on 1<sup>st</sup> September 2022.



**F A Piatti**  
Director

The notes on pages 3 to 14 form part of these financial statements.

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**AXCHEM (UK) LIMITED**

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

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**1. General information**

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

The address of the registered office is:  
1 Red Hall Crescent  
Paragon Business Village  
Wakefield  
WF1 2DF

**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 2021**

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**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 Leases**

For any new contracts entered into on or after 1 January 2019, the company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available
- the company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the company has the right to direct the use of the identified asset throughout the period of use.

The company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases. At lease commencement date, the company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

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**AXCHEM (UK) LIMITED**

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

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**2. Accounting policies (continued)**

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

**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 material 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 101.

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.

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## AXCHEM (UK) LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.10 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
Right of use assets	- as per lease

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.

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**AXCHEM (UK) LIMITED**

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

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**2. Accounting policies (continued)****2.15 Financial instruments**

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 2021**

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**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.

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**AXCHEM (UK) LIMITED**

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

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**4. Tangible fixed assets**

	<b>Leasehold property £</b>	<b>Plant &amp; Machinery £</b>	<b>Motor Vehicles £</b>	<b>Fixtures &amp; Fittings £</b>	<b>Total £</b>
<b>Cost or valuation</b>					
At 1 January 2021	257,851	436,239	137,923	92,188	924,200
Additions	-	-	-	-	-
Additions IFRS16	-	-	50,682	-	50,682
Disposals	-	-	(76,874)	-	(76,874)
At 31 December 2021	257,851	436,239	111,731	92,188	898,008
<b>Depreciation</b>					
At 1 January 2021	58,938	362,133	60,848	69,360	551,279
Charge for the year on owned assets	-	33,048	-	17,123	50,171
Charge for the year on financed assets	29,469	-	52,216	-	81,685
Disposals	-	-	(76,874)	-	(76,874)
Transfers	-	4,838	-	(4,838)	-
At 31 December 2021	88,407	404,857	36,190	76,807	606,261
<b>Net book value</b>					
At 31 December 2021	169,444	31,382	75,541	15,380	291,747
At 31 December 2020	198,913	74,106	77,075	22,827	372,921

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**AXCHEM (UK) LIMITED**

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

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**5. Stocks**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Finished goods and goods for resale	857,576	766,317
Goods in transit	199,014	133,870
	<hr/>	<hr/>
	<b>1,056,590</b>	<b>900,187</b>

Total purchases relating to stock recognised in the statement of comprehensive income was £5,571,129 (2020 - £4,855,950).

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**AXCHEM (UK) LIMITED**

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

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**6. Debtors**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Due within one year</b>		
Trade debtors	908,918	2,083,814
Amounts owed by other participating interests	44,145	9,284
Other debtors	-	-
Prepayments	29,193	42,955
	<u>982,256</u>	<u>2,136,053</u>

**7. Cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<u>425,165</u>	<u>520,028</u>

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

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade creditors	406,575	544,464
Amounts owed to group undertakings	281,258	533,728
Other taxation and social security	109,351	321,820
Obligations under finance lease and hire purchase contracts	69,981	81,391
Accruals and deferred income	<u>225,843</u>	<u>106,572</u>
	<u>1,093,008</u>	<u>1,587,974</u>

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**AXCHEM (UK) LIMITED**

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

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**9. Creditors: Amounts falling due after more than one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Net obligations under finance leases and hire purchase contracts	185,612	207,996
Amounts owed to group undertakings	1,500,000	2,000,000
	<u>1,685,612</u>	<u>2,207,996</u>

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**AXCHEM (UK) LIMITED**

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

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**10. Financial instruments**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	425,165	520,028
Financial assets that are debt instruments measured at amortised cost	953,063	2,093,098
	<u>1,378,228</u>	<u>2,613,126</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>2,443,426</u>	<u>3,367,578</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.

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**AXCHEM (UK) LIMITED**

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**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**11. Share capital**

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
900,001 (2017 - 900,001) Ordinary shares of £1.00 each	<u>900,001</u>	<u>900,001</u>

**12. Reserves****Profit & loss account**

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

**13. 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 £69,815 (2020 - £69,513).

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

**14. Related party transactions**

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

**15. 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.

**16. 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.