

Registered number: 05657343

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**BWA WATER ADDITIVES UK LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



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**BWA WATER ADDITIVES UK LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	F De Jong S Iorio M Turci
<b>Company secretary</b>	Quayseco Limited
<b>Registered number</b>	05657343
<b>Registered office</b>	2 Brightgate Way Stretford Manchester M32 0TB United Kingdom
<b>Independent auditors</b>	Ecovis Wingrave Yeats LLP Chartered Accountants & Statutory Auditors Waverley House 7-12 Noel Street London W1F 8GQ
<b>Bankers</b>	Royal Bank of Scotland Plc 1 Spinningfields Square Manchester M3 3AP United Kingdom

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**BWA WATER ADDITIVES UK LIMITED**

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## **BWA WATER ADDITIVES UK LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **Introduction**

The directors present their Strategic Report and the financial statements for the year ended 31 December 2020.

#### **Principal activities and review of business**

On 1 January 2020, the trade and majority of the assets of the Company were transferred to Italmatch Chemicals GB Limited, the immediate parent company. The Company's principle activity in the current year is a holding company and in the prior year it was the supply of speciality chemical products and associated technical support to the industrial water treatment, water desalination and oil and gas markets. The products were manufactured externally, using intellectual property owned by the Company.

Turnover for the year was £Nil (2019 - £38,834,000) and current assets were £3,299,000 (2019 - £23,486,000). The directors also monitor the performance of the Company through other key performance indicators at the parent level (Italmatch Chemicals S.p.A.). The other performance indicators for the business are included in the financial statements of Italmatch Chemicals S.p.A.. Copies of the parent's group financial statements may be obtained from The Secretary, Via Magazzini del Cotone, 17-Modulo 4, Genova (GE) - 16128.

#### **Future developments**

BWA Water Additives (Shanghai) Trading Co., Ltd will be liquidated during 2021 and the investment value returned to the Company. Following this the directors expect there to be limited future activity within the Company.

#### **Research and development**

Following the transfer of the trade and majority of the assets of the Company to the parent company the Company has ceased to invest in research and development.

#### **Principal risks and uncertainties**

The Company considers its principal risk to be the financial performance of its subsidiary companies, which support the carrying value of the Company's investments and provide support to this Company to meet its liabilities as they fall due.

The principal risk in the subsidiaries is the reliance on third parties to manufacture its products. The directors are continually assessing the supply chain of the Company and believe it to be appropriately managed. All key products are capable of being sourced from more than one supplier. It is a competitive market place, however, the regulatory framework and the strength of the Company's brands are deemed to cover this risk.

#### **Financial risk management objectives and policies**

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department. The Company does not use derivative financial instruments for speculative purposes.

#### **Cash flow risk**

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange forward contracts to hedge these exposures where relevant. At 31 December 2020 there were no open foreign exchange contracts (2019 - Nil).

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## **BWA WATER ADDITIVES UK LIMITED**

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### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **Credit risk**

The Company's principal financial assets are bank balances and cash and trade and other receivables.

The Company's credit risk is primarily attributed to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

#### **Liquidity risk**

The Company manages its debt finance in such a way as to ensure that it has sufficient funds available for ongoing operations and future developments.

The directors are satisfied that the appropriate processes are in place to monitor the risks facing the Company.

#### **Section 172**

##### *Principal decisions made in year*

It was agreed during the year that the subsidiary company, BWA Water Additives (Shanghai) Trading Co., Ltd would be liquidated in 2021. No other principle decisions were made during the year given the limited trading activity within the Company.

##### *Interests of employees*

The Company communicated with its employees in the form of monthly meetings where employees were updated on the activities of the Company and were invited to voice ideas and concerns. Following the transfer of the employees on 1 January 2020 no meetings were held during the year.

##### *Fostering business relationships with suppliers, customers and other stakeholders*

Prior to the transfer of the trade and majority of the assets the Company had strong relationships with customers and suppliers built over several years and the new position of the Company within the wider Italmatch group presented further opportunities in these relationships. For customers there was scope for improved supply chain capabilities and a wider range of products to meet their demands. The Company continued to work with their valued suppliers to deliver a globally recognised high service level until the transfer of the trade and majority of the assets.

The Company operated out of an office in Manchester, with no adverse impact on the community and environment. Our partners who manufactured and tolled our products adhered to relevant health and safety legislation and were visited regularly to ensure appropriate standards were maintained. When products were sold to customers, the Company ensured the customer was a responsible body who used the product safely and properly by using safety data sheets and providing technical advice. When products were transported, the Company ensured this was done in compliance with relevant legislation.

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**BWA WATER ADDITIVES UK LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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*The maintenance of high standards of conduct*

The Company has policies in place to set and maintain high standards of conduct, including a code of conduct, anti-corruption policies and health and safety.

**Carbon reporting**

The Company has not traded during the period as a result of the transfer of the trade and majority of the assets to Italmatch Chemicals GB Limited on 1 January 2020, the principal activity of the Company is a holding company following the transfer.

This report was approved by the board on 18 MARCH 2021 and signed on its behalf.



**F De Jong**  
Director

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## **BWA WATER ADDITIVES UK LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their report and the financial statements for the year ended 31 December 2020.

On 1 January 2020, the trade and majority of the assets of the Company were transferred to Italmatch Chemicals GB Limited, the immediate parent company.

#### **Directors**

The directors who served during the year were:

F De Jong  
S Iorio  
M Turci

#### **Results and dividends**

The profit for the year, after taxation, amounted to £43,523,000 (2019 - £5,842,000).

The directors approved and paid dividends of £50,000,000 (2019 - £2,551,000) to Italmatch Chemicals GB Limited.

#### **Future developments**

Details of future developments can be found in the Strategic Report on page 1 and form part of this report by cross-reference.

#### **Post balance sheet events**

BWA Water Additives (Shanghai) Trading Co., Ltd will be liquidated during 2021 and the investment value returned to the Company. Following this the directors expect there to be limited future activity within the Company.

#### **Going concern**

As disclosed within the future developments on page 1, the Company intends to liquidate its investment in BWA Water Additives (Shanghai) Trading Co., Ltd during 2021. Following the completion of these transactions, the Company is expected to continue with limited trading activity. The directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### **Financial instruments**

Details of financial instruments are provided in the Strategic Report on page 1.

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**BWA WATER ADDITIVES UK LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgments 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.

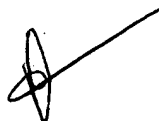
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies 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.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the board on 16 MARCH 2021 and signed on its behalf.



**F De Jong**  
Director



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## **BWA WATER ADDITIVES UK LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BWA WATER ADDITIVES UK LIMITED**

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#### **Opinion**

We have audited the financial statements of BWA Water Additives UK Limited (the 'Company') for the year ended 31 December 2020, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 at least 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.

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## **BWA WATER ADDITIVES UK LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BWA WATER ADDITIVES UK LIMITED (CONTINUED)**

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#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **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.

#### **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.

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## **BWA WATER ADDITIVES UK LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BWA WATER ADDITIVES UK LIMITED (CONTINUED)**

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#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditors' responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We considered our general commercial and sector experience and held a discussion with the Directors and other management personnel to identify laws and regulations that could reasonably be expected to have a material effect on the financial statements.
- We determined that the laws and regulations which are directly relevant to the financial statements are those that relate to the reporting framework FRS 102 and the relevant tax compliance regulations in the jurisdictions in which the Company operates. We evaluated the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- As required by the auditing standards, auditing procedures in respect of non-compliance with these identified laws and regulations are limited to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.
- We assessed the susceptibility of the Company financial statements to material misstatement, including how fraud might occur, by meeting with a number of individuals and conducted interviews to understand where they considered there was susceptibility to fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations and fraud risks identified in the paragraphs above. In addition to the audit procedures, we remained alert to any indications of non-compliance throughout the audit. The specific audit procedures performed included:
  - Reviewed large and unusual bank transactions; and
  - Identifying and testing journal entries.

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**BWA WATER ADDITIVES UK LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BWA WATER ADDITIVES UK LIMITED  
(CONTINUED)**

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There are inherent limitations of an audit. There is a higher risk that irregularities, including fraud, will not be detected during the audit as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. The primary responsibility for the prevention and detection of non-compliance with all laws and regulations and fraud lies with both those charged with governance of the entity and management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Use of our report**

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

*Jessica Teague*

Jessica Teague (Senior Statutory Auditor)

for and on behalf of  
**Ecovis Wingrave Yeats LLP**

Chartered Accountants & Statutory Auditors

Waverley House  
7-12 Noel Street  
London  
W1F 8GQ

Date: 18 March 2021

**BWA WATER ADDITIVES UK LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

		<b>Continuing operations 2020 £000</b>	<b>Discontinued operations 2020 £000</b>	<b>Total 2020 £000</b>	<b>Continuing operations 2019 £000</b>	<b>Discontinued operations 2019 £000</b>	<b>Total 2019 £000</b>
	<b>Note</b>						
Turnover	4	-	-	-	-	38,834	38,834
Cost of sales		-	-	-	-	(26,151)	(26,151)
<b>Gross profit</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,683</b>	<b>12,683</b>
Operating expenses	6	(120)	-	(120)	-	(8,869)	(8,869)
Exceptional income	10	-	43,311	43,311	-	-	-
Other operating income	6	-	-	-	-	1,872	1,872
<b>Operating (loss)/profit</b>	<b>5</b>	<b>(120)</b>	<b>43,311</b>	<b>43,191</b>	<b>-</b>	<b>5,686</b>	<b>5,686</b>
Interest receivable and similar income	9	-	-	-	-	4	4
<b>(Loss)/profit before tax</b>		<b>(120)</b>	<b>43,311</b>	<b>43,191</b>	<b>-</b>	<b>5,690</b>	<b>5,690</b>
Tax on profit	11	320	-	320	-	152	152
<b>(Loss)/profit for the financial year</b>		<b>200</b>	<b>43,311</b>	<b>43,511</b>	<b>-</b>	<b>5,842</b>	<b>5,842</b>

There was no other comprehensive income in 2020 (2019 - £Nil).

The notes on pages 13 to 28 form part of these financial statements.

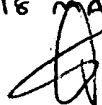
**BWA WATER ADDITIVES UK LIMITED**  
**REGISTERED NUMBER: 05657343**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
<b>Current assets</b>			
Tangible assets	14	-	154
Investments	15	262	565
Stocks	16	-	5,800
Debtors: amounts falling due within one year	17	2,992	11,030
Cash at bank and in hand	18	45	5,937
		<u>3,299</u>	<u>23,486</u>
Creditors: amounts falling due within one year	19	-	(13,698)
<b>Net current assets</b>		<u>3,299</u>	<u>9,788</u>
<b>Total assets less current liabilities</b>		<u>3,299</u>	<u>9,788</u>
<b>Net assets</b>		<u><u>3,299</u></u>	<u><u>9,788</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	600	600
Profit and loss account		2,699	9,188
<b>Shareholder's funds</b>		<u><u>3,299</u></u>	<u><u>9,788</u></u>

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

16 MARCH 2021



**F De Jong**  
Director

The notes on pages 13 to 28 form part of these financial statements.

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**BWA WATER ADDITIVES UK LIMITED**

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

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 1 January 2019</b>	<b>600</b>	<b>5,897</b>	<b>6,497</b>
Profit for the year	-	5,842	5,842
Dividends paid on equity shares	-	(2,551)	(2,551)
<b>At 1 January 2020</b>	<b>600</b>	<b>9,188</b>	<b>9,788</b>
Profit for the year	-	43,511	43,511
Dividends paid on equity shares	-	(50,000)	(50,000)
<b>At 31 December 2020</b>	<b>600</b>	<b>2,699</b>	<b>3,299</b>

The notes on pages 13 to 28 form part of these financial statements.

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## **BWA WATER ADDITIVES UK LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **1. General information**

BWA Water Additives UK Limited is a private company, limited by shares, incorporated in England and Wales, registration number 05657343. The registered office is 2 Brightgate Way, Stretford, Manchester, United Kingdom, M32 0TB.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Italmatch Chemicals S.p.A. as at 31 December 2020 and these financial statements may be obtained from Via E. Vismara 114, 20020 Arese (MI), Italy..

##### **2.3 Going concern**

As disclosed within the future developments on page 1, the Company intends to liquidate its investment in BWA Water Additives (Shanghai) Trading Co., Ltd during 2021. Following the completion of these transactions, the Company is expected to continue with limited trading activity. The directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

##### **2.4 Exemption from preparing consolidated financial statements**

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.



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## **BWA WATER ADDITIVES UK LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **2. Accounting policies (continued)**

##### **2.5 Tangible fixed assets**

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

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

Depreciation is provided on the following basis:

Computer equipment	- 2 to 4 years
Lab and office equipment	- 2 to 10 years
Leasehold improvements	- 10 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

##### **2.6 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

The carrying value of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

##### **2.7 Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost represents all expenditure to bring the stock into their present location and condition. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

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## **BWA WATER ADDITIVES UK LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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## **2. Accounting policies (continued)**

### **2.8 Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### **2.9 Foreign currencies**

#### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

#### **Transactions and balances**

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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## **BWA WATER ADDITIVES UK LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **2. Accounting policies (continued)**

##### **2.10 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sale of goods is recognised in accordance with the relevant incoterms.

##### **2.11 Operating leases**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

##### **2.12 Pensions**

##### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### **2.13 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **2.14 Short-term debtors and creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

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## **BWA WATER ADDITIVES UK LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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#### **2. Accounting policies (continued)**

##### **2.15 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.

##### **2.16 Research and development**

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the Company is expected to benefit. Provision is made for any impairment.

##### **2.17 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

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

##### **(i) Taxation**

In the prior year the Company established provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operated. The amount of such provisions was based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

##### **(ii) Impairment of investment**

The Company considers whether the investment in the subsidiaries should be impaired. At the reporting date, where an indication of impairment is identified the recoverable value is estimated. The estimate requires the estimation of future cash flows and also a selection of appropriate discount rates in order to calculate the net present value of those cash flows.

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**BWA WATER ADDITIVES UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**4. Turnover**

An analysis of turnover by class of business is as follows:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
European Union	-	10,125
US	-	2,823
Rest of the world	-	25,886
	<b>-</b>	<b>38,834</b>

The directors consider all trading to be within one business segment.

**5. Operating loss/(profit)**

The operating loss/(profit) is stated after charging/(crediting):

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Auditors' remuneration - audit	-	63
Auditors' remuneration - non-audit services	-	16
Depreciation of tangible fixed assets owned	-	51
Loss on disposal of tangible assets	-	81
Impairment of investment in subsidiary	<b>119</b>	<b>564</b>
Foreign exchange gain	-	682
Operating leases - plant and machinery	-	3
Operating leases - other	-	47
Research & development	-	577

Auditors' remuneration was borne by another group company in 2020.

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**BWA WATER ADDITIVES UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**6. Operating expenses/(Income)**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Selling and distribution costs	-	3,066
Administrative expenses	120	5,803
	<u>120</u>	<u>8,869</u>
	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Foreign exchange (loss)	-	(682)
Management fee income	-	2,554
	<u>-</u>	<u>1,872</u>

**7. Employees**

Staff costs were as follows:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	-	2,829
Social security costs	-	538
Cost of defined contribution scheme	-	144
	<u>-</u>	<u>3,511</u>

The average monthly number of employees, excluding the directors, during the year was as follows:

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Administration	-	23
Sales and development	-	22
	<u>-</u>	<u>45</u>

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**BWA WATER ADDITIVES UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**8. Directors' remuneration**

The highest paid director received remuneration of £Nil (2019 - £566,000) and a pension contribution of £Nil (2019 - £2,000).

No directors were accruing benefits under the defined contribution scheme at the year end (2019 - 1).

**9. Interest receivable**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Interest receivable	-	4

**10. Exceptional income**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Gain on sale of discontinued operations	<b>43,311</b>	-

On 1 January 2020, the trade and majority of the assets of the Company were hived up to the parent company, Italmatch Chemicals GB Limited. During the previous year the trade contributed pre-tax profits of £5,690,000. The Company received a consideration of £52,671,000. The net assets at the date of disposal were £9,360,000 and a profit on disposal of £43,311,000 was recognised in the profit and loss account.

**BWA WATER ADDITIVES UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**11. Taxation**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	-	(146)
Adjustments in respect of previous periods	(320)	(1)
	<u>(320)</u>	<u>(147)</u>
<b>Total current tax</b>	<u>(320)</u>	<u>(147)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(6)
Effects of changes in tax rate	-	1
<b>Total deferred tax</b>	<u>-</u>	<u>(5)</u>
<b>Taxation on loss on ordinary activities</b>	<u>(320)</u>	<u>(152)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before tax	<u>43,191</u>	<u>5,690</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	<b>8,206</b>	<b>1,081</b>
<b>Effects of:</b>		
Income not taxable for tax purposes	(8,229)	-
Expenses not deductible for tax purposes	17	126
Effects of group relief/other reliefs	6	(181)
Effects of overseas tax rates	-	(1,177)
Adjustments from previous periods	(320)	(2)
Tax rate changes	-	1
<b>Total tax charge for the year</b>	<u>(320)</u>	<u>(152)</u>



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**BWA WATER ADDITIVES UK LIMITED**

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**12. Dividends**

During 2020, the Company paid dividends of £50,000,000 to its immediate parent undertaking, Italmatch Chemicals GB Limited (2019 - £2,551,000).

**13. Deferred taxation**

	<b>2020 £000</b>
At beginning of year	42
Transfer on hive up	(42)
<b>At end of year</b>	<u><u>-</u></u>

The deferred tax asset is made up as follows:

	<b>2020 £000</b>	<b>2019 £000</b>
Decelerated capital allowances and other timing differences	<u><u>-</u></u>	<u><u>42</u></u>

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**BWA WATER ADDITIVES UK LIMITED**

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**14. Tangible fixed assets**

	Leasehold improvements £000	Laboratory office equipment £000	Computer equipment £000	Total £000
At 1 January 2020	965	377	112	1,454
Transfers intra group	(965)	(377)	(112)	(1,454)
At 31 December 2020	-	-	-	-
At 1 January 2020	965	237	98	1,300
Transfers intra group	(965)	(237)	(98)	(1,300)
At 31 December 2020	-	-	-	-
<b>Net book value</b>				
At 31 December 2020	-	-	-	-
At 31 December 2019	-	140	14	154

Tangible assets are shown as current assets in line with the non-going concern presentation of the financial statements.

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**BWA WATER ADDITIVES UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. Fixed asset investments**

	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 1 January 2020	<b>565</b>
Disposals	<b>(184)</b>
At 31 December 2020	<b>381</b>
<b>Impairment</b>	
Impairment on investments	<b>119</b>
At 31 December 2020	<b>119</b>
<b>Net book value</b>	
At 31 December 2020	<b>262</b>
At 31 December 2019	<b>565</b>

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**BWA WATER ADDITIVES UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**15. Fixed asset investments (continued)****Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
BWA Water Additives (Shanghai) Trading Co. Limited	22nd Floor, No.1193 Changning Road, Changning District, Shanghai, China	Ordinary	100%

During the year the entire share capital in BWA Water Additives FZE and BWA Water Additives DMCC was transferred to Italmatch Chemicals GB Limited as part of the transfer of the trade and majority of the assets to the parent company. The remaining investment relates to BWA Water Additives (Shanghai) Trading Co. Limited, of which the Company directly owns 100% of the Ordinary share capital. An impairment has been recognised in relation to BWA Water Additives (Shanghai) Trading Co., Ltd following a review.

The principal activity of the group undertaking is the supply of speciality chemical products to the water treatment industry.

Investments are shown as current assets in line with the non-going concern presentation of the financial statements.

BWA Water Additives (Shanghai) Trading Co., Ltd will be liquidated during 2021 and the investment value returned to the Company. Following this the directors expect there to be limited future activity within the Company.

**16. Stocks**

	<b>2020 £000</b>	<b>2019 £000</b>
Finished goods and goods for resale	-	5,800

Stocks recognised as an expense in the period were £Nil (2019 - £23,957,000).

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**BWA WATER ADDITIVES UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**17. Debtors**

	<b>2020 £000</b>	<b>2019 £000</b>
Trade debtors	-	7,053
Amounts owed by group undertakings	<b>2,410</b>	3,254
Other debtors	-	681
Tax recoverable	<b>582</b>	-
Deferred tax asset	-	42
	<b>2,992</b>	<b>11,030</b>

Amounts owed from group undertakings are unsecured, interest free and repayable on demand.

**18. Cash and cash equivalents**

	<b>2020 £000</b>	<b>2019 £000</b>
Cash at bank and in hand	<b>45</b>	5,937

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

	<b>2020 £000</b>	<b>2019 £000</b>
Trade creditors	-	4,544
Amounts owed to group undertakings	-	1,039
Corporation tax payable	-	7,269
Other taxation and social security	-	60
Accruals and deferred income	-	786
	-	<b>13,698</b>

Amounts owed to group undertakings are unsecured, interest free and repayment on demand.

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**BWA WATER ADDITIVES UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**20. Share capital**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted, called up and fully paid</b>		
600,000 (2019 - 600,000) A Ordinary shares of £1.00 each	<b>600</b>	<b>600</b>

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights, they do not confer any rights of redemption.

**21. Commitments under operating leases**

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Plant and machinery</b>		
Not later than 1 year	-	1
	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Buildings</b>		
Not later than 1 year	-	58
Later than 1 year and not later than 5 years	-	248
Later than 5 years	-	139
	-	445

All operating leases were transferred to the parent company as part of the transfer of the trade and majority of the assets.

**22. Related party transactions**

The Company has taken the exemption under FRS 102 section 33 Related Party Disclosures paragraph 33.1A, whereby the Company is not required to disclose transactions with other wholly owned subsidiaries or companies in a group that are wholly owned.

**23. Post balance sheet events**

BWA Water Additives (Shanghai) Trading Co., Ltd will be liquidated during 2021 and the investment value returned to the Company. Following this the directors expect there to be limited future activity within the Company.

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**BWA WATER ADDITIVES UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**24. Controlling party**

The immediate parent undertaking at 31 December 2020 was Italmatch Chemicals GB Limited, a company registered in England and Wales.

The smallest and largest group to consolidate these financial statements for the year ended 31 December 2020 was that headed by Italmatch Chemicals S.p.A., a company incorporated in Italy. Italmatch Chemicals S.p.A prepares consolidated accounts and these are available from the company's registered office Via E. Vismara 114, 20020 Arese (MI), Italy.

The ultimate parent undertaking and controlling party is Bain Capital Europe Fund IV, a company registered in the USA.