

Report of the Directors and
Financial Statements for the Year Ended 31 December 2019
for
Fine Environmental Services Ltd

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for the Year Ended 31 December 2019

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DIRECTORS:

L P Kingsbury
M Xu
J T Lightwing

REGISTERED OFFICE:

Seal Sands
Middlesbrough
Cleveland
TS2 1UB

REGISTERED NUMBER:

07182855 (England and Wales)

AUDITORS:

Shinewing Wilson Accountancy Limited
Chartered Certified Accountants
and Statutory Auditors
9 St Clare Street
London
EC3N 1LQ

Report of the Directors
for the Year Ended 31 December 2019

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a licensed business by the Environment Agency to disposal of hazardous wastes by high temperature incineration.

REVIEW OF BUSINESS

During the year ended 31 December 2019 the business' profitability levels have reduced to £143K (2018: profit of £210K) in terms of EBITDA, (earnings before interest, tax, depreciation and amortisation), the measure used by the Board of directors and investors to track financial performance. This has been largely driven by significantly reduced revenues generated by burning waste of a sister company, Fine Organics, having processed lower than anticipated volumes following periods of unit outages. The business has sustained revenues from external sources and continues to develop relationships, growing a robust and sustainable portfolio customer base.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2019.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

L P Kingsbury
M Xu

Other changes in directors holding office are as follows:

Dr N C Parkinson - resigned 31 December 2019

J T Lightwing was appointed as a director after 31 December 2019 but prior to the date of this report.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Shinewing Wilson Accountancy Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

L P Kingsbury - Director

10 September 2020

Statement of Directors' Responsibilities
for the Year Ended 31 December 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Opinion

We have audited the financial statements of Fine Environmental Services Ltd (the 'company') for the year ended 31 December 2019 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, 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 101 'Reduced Disclosure Framework' (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 2019 and of its loss 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw your attention to note 2 in the financial statements. The Company incurred a loss before tax of £839K during the year, and had a net current liability of £5,208K at the year ended 31 December 2019. The Company fully depends on its ultimate parent's support. As stated in the note, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom withdraw from European Union and current Covid 19 situation, are not clear. It is difficult to evaluate all of the potential impacts on the Company's trade.

Other matters

The financial statements for the Company for the year ended 31 December 2018 were audited by another auditor, who expressed an unqualified opinion on those statements on 26 June 2019.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors and the Statement of Directors' Responsibilities, but does not include the financial statements and our Report of the Auditors 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has 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 Report of the Directors.

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

- adequate accounting records have not been kept, or 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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 a Report of the Auditors 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.

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. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Julie Zhuge Wilson (Senior Statutory Auditor)
for and on behalf of Shinewing Wilson Accountancy Limited
Chartered Certified Accountants
and Statutory Auditors
9 St Clare Street
London
EC3N 1LQ

10 September 2020

Statement of Comprehensive Income
for the Year Ended 31 December 2019

| | Notes | 31.12.19 £'000 | 31.12.18 £'000 |
|--|-------|-------------------|-------------------|
| TURNOVER | 4 | 2,259 | 3,005 |
| Cost of sales | | <u>1,851</u> | <u>3,527</u> |
| GROSS PROFIT/(LOSS) | | 408 | (522) |
| Administrative expenses | | <u>1,247</u> | <u>149</u> |
| OPERATING LOSS | | (839) | (671) |
| Waiver of intercompany | 6 | <u>-</u> | <u>1,270</u> |
| (LOSS)/PROFIT BEFORE TAXATION | 7 | (839) | 599 |
| Tax on (loss)/profit | 8 | <u>(61)</u> | <u>120</u> |
| (LOSS)/PROFIT FOR THE FINANCIAL YEAR | | (778) | 479 |
| OTHER COMPREHENSIVE INCOME | | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>(778)</u> | <u>479</u> |

The notes form part of these financial statements

Balance Sheet
31 December 2019

| | Notes | 31.12.19 £'000 | £'000 | 31.12.18 £'000 | £'000 |
|--|-------|-------------------|----------------|-------------------|----------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 9 | | 3,581 | | 3,819 |
| CURRENT ASSETS | | | | | |
| Stocks | | 237 | | 89 | |
| Debtors | 10 | 331 | | 3,797 | |
| Cash at bank | | <u>1</u> | | <u>112</u> | |
| | | 569 | | 3,998 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 11 | <u>5,777</u> | | <u>8,605</u> | |
| NET CURRENT LIABILITIES | | | <u>(5,208)</u> | | <u>(4,607)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | (1,627) | | (788) |
| PROVISIONS FOR LIABILITIES | 12 | | - | | 61 |
| NET LIABILITIES | | | <u>(1,627)</u> | | <u>(849)</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 13 | | - | | - |
| Retained earnings | | | <u>(1,627)</u> | | <u>(849)</u> |
| SHAREHOLDERS' FUNDS | | | <u>(1,627)</u> | | <u>(849)</u> |

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

The financial statements were approved by the Board of Directors and authorised for issue on 10 September 2020 and were signed on its behalf by:

L P Kingsbury - Director

Statement of Changes in Equity
for the Year Ended 31 December 2019

| | Called up share capital £'000 | Retained earnings £'000 | Total equity £'000 |
|------------------------------------|--|-------------------------------|--------------------------|
| Balance at 1 January 2018 | - | (1,328) | (1,328) |
| Changes in equity | | | |
| Total comprehensive income | - | 479 | 479 |
| Balance at 31 December 2018 | - | (849) | (849) |
| Changes in equity | | | |
| Total comprehensive income | - | (778) | (778) |
| Balance at 31 December 2019 | - | (1,627) | (1,627) |

Notes to the Financial Statements
for the Year Ended 31 December 2019

1. **STATUTORY INFORMATION**

Fine Environmental Services Limited (the "Company") is a private company incorporated, domiciled and registered in England and Wales, registration number 07182855, the registered address is Seal Sands, Middlesbrough, Cleveland TS2 1UB. The Company acts as an investment holding company.

The presentation currency of the financial statements is the Sterling. All amounts in the financial statements and notes have been rounded off to the nearest thousand Sterling Pound, unless otherwise stated.

2. **ACCOUNTING POLICIES**

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1; and
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Consolidation

The Company is a part of a larger group and included in the consolidated financial statements of a parent of which the accounts were prepared in an equivalent GAAP. The ultimate parent undertaking Lianhe Chemical Technology Co.Limited, is the smallest and largest group to consolidate these financial statements. Therefore, the company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. Group consolidation under Chinese GAAP are available from the website: <http://www.cninfo.com.cn/new/fulltextSearch?notautosubmit=&keyWord=300662>.

The English version of the consolidated financial statements are available upon request at the address of the ultimate parent's registered office: 8 Yongjiao Road, Huangyan Economic Development Zone, Taizhou, Zhejiang Province, P.R.China 318020.

Going concern

The Company incurred a loss before tax of £839K during the year, and had a net current liability of £5,208K at the year ended 31 December 2019. The whole UK group relies on its ultimate parent's financial support. The directors have considered available funding facilities, and concluded that the UK group has sufficient resource for next 12 months from the date of signing these financial statements. The financial statements are therefore prepared on a going concern basis, without reflecting the material uncertainty existence that may cast significant doubt on the company's ability to continue as a going concern.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

2. ACCOUNTING POLICIES - continued

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for work provided in the normal course of business, net of discounts, VAT and other sales related taxes. Turnover is recognised when the waste consignments are burned by the incinerator.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated so as to write off the cost of a fixed asset on a straight line basis over its estimated useful economic life, taking into account any contractual relationships, over a period of not more than 10 years.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been substantially enacted by the balance sheet date. Deferred tax assets and liabilities which have been recognised have not been discounted.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost. A provision for impairment of trade receivables is established where there is evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Trade and other creditors

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

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

a. Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 7 for the carrying amount of the property plant and equipment and note 2 for the useful economic lives for each class of assets.

b. Carrying value of stock

Provision for impairment of the carrying value of the incinerator is considered based on the future cashflow applicable to the unit. Provisions for slowing moving, defective or obsolete stock are made based on future expectations for sale or use of the stock.

4. TURNOVER

The turnover and loss (2018 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

| | 31.12.19 | 31.12.18 |
|----------------|--------------|--------------|
| | £'000 | £'000 |
| United Kingdom | 2,259 | 3,005 |
| | <u>2,259</u> | <u>3,005</u> |

Turnover represents revenue generated from effluent disposal activities. All turnover is generated by the principal activities of disposal of hazardous wastes by high temperature incineration and originates within the United Kingdom.

5. EMPLOYEES AND DIRECTORS

| | 31.12.19 | 31.12.18 |
|-----------------------|------------|------------|
| | £'000 | £'000 |
| Wages and salaries | 435 | 415 |
| Social security costs | 46 | 49 |
| Other pension costs | 39 | 38 |
| | <u>520</u> | <u>502</u> |

The average number of employees during the year was as follows:

| | 31.12.19 | 31.12.18 |
|--|-----------|-----------|
| Production services and administration | <u>12</u> | <u>12</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

5. **EMPLOYEES AND DIRECTORS - continued**

| | 31.12.19 | 31.12.18 |
|-------------------------|----------|----------|
| | £ | £ |
| Directors' remuneration | <u>-</u> | <u>-</u> |

6. **EXCEPTIONAL ITEMS**

| | 31.12.19 | 31.12.18 |
|------------------------|----------|--------------|
| | £'000 | £'000 |
| Exceptional items | - | (27) |
| Waiver of intercompany | <u>-</u> | <u>1,270</u> |
| | <u>-</u> | <u>1,243</u> |

7. **(LOSS)/PROFIT BEFORE TAXATION**

The loss before taxation (2018 - profit before taxation) is stated after charging:

| | 31.12.19 | 31.12.18 |
|---|----------|----------|
| | £'000 | £'000 |
| Cost of inventories recognised as expense | 1,851 | 3,527 |
| Depreciation - owned assets | 982 | 854 |
| Foreign exchange differences | <u>1</u> | <u>2</u> |

The auditors' fees are borne by a fellow subsidiary undertaking, Fine Organics Limited, and amounted to £8,000 in the year (2018: £4,300).

8. **TAXATION**

Analysis of tax (income)/expense

| | 31.12.19 | 31.12.18 |
|---|-------------|------------|
| | £'000 | £'000 |
| Deferred tax | <u>(61)</u> | <u>120</u> |
| Total tax (income)/expense in statement of comprehensive income | <u>(61)</u> | <u>120</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

8. **TAXATION - continued**

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

| | 31.12.19 £'000 | 31.12.18 £'000 |
|--|-------------------|-------------------|
| (Loss)/profit before income tax | <u>(839)</u> | <u>599</u> |
| (Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%) | (159) | 114 |
| Effects of: | | |
| Expenses not deductible for tax purposes | - | 9 |
| Income not taxable | 9 | (241) |
| Group relief not paid for | - | 99 |
| Adjustments from previous years | - | 137 |
| Tax rate changes | 7 | 2 |
| Deferred tax assets not recognised | 82 | - |
| Tax (income)/expense | <u>(61)</u> | <u>120</u> |

The Company has an unrecognised deferred tax asset as at 31 December 2019 of £82K (2018: £nil). This has not been recognised in the financial statements due to uncertainty over the future income streams required from the potential asset to be recovered.

The rate of corporation tax throughout the year was 19%. A reduction to 18%, due to come into effect from 1 April 2020, was substantively enacted on 6 September 2016. However, the current government announced that this reduction would be put on hold and this was confirmed in the recent Budget on 11 March 2020 and the rate will remain at 19% past 1 April 2020. Therefore, deferred taxes at the balance sheet date have been measured using the most recent enacted tax rate at 19% and reflected in these financial statements.

9. **TANGIBLE FIXED ASSETS**

| | Plant and machinery etc £'000 |
|-----------------------|--|
| COST | |
| At 1 January 2019 | 7,581 |
| Additions | <u>744</u> |
| At 31 December 2019 | <u>8,325</u> |
| DEPRECIATION | |
| At 1 January 2019 | 3,762 |
| Charge for year | <u>982</u> |
| At 31 December 2019 | <u>4,744</u> |
| NET BOOK VALUE | |
| At 31 December 2019 | <u>3,581</u> |
| At 31 December 2018 | <u>3,819</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.12.19 | 31.12.18 |
|------------------------------------|------------|--------------|
| | £'000 | £'000 |
| Trade debtors | 210 | 132 |
| Amounts owed by group undertakings | - | 3,665 |
| Other debtors | 121 | - |
| | <u>331</u> | <u>3,797</u> |

In 2018, the amounts owned by group undertakings were unsecured, interest free and have no fixed repayment date.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.12.19 | 31.12.18 |
|------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Trade creditors | 489 | 143 |
| Amounts owed to group undertakings | 5,197 | 8,439 |
| Social security and other taxes | 17 | 17 |
| Accrued expenses | 74 | 6 |
| | <u>5,777</u> | <u>8,605</u> |

Included in the creditors is an amount of £5,197K (2018: £957K due from) due to its fellow subsidiary Fine Organics Ltd, and the amounts owned to group undertakings in 2018 were unsecured, interest free and have no fixed repayment date.

12. PROVISIONS FOR LIABILITIES

| | 31.12.19 | 31.12.18 |
|-------------------------------------|----------|--------------|
| | £'000 | £'000 |
| Deferred tax | <u>-</u> | <u>61</u> |
| | | Deferred tax |
| | | £'000 |
| Balance at 1 January 2019 | | 61 |
| Unused amounts reversed during year | | <u>(61)</u> |
| Balance at 31 December 2019 | | <u>-</u> |

13. CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid: | | | 31.12.19 | 31.12.18 |
|----------------------------------|----------|----------------|----------|----------|
| Number: | Class: | Nominal value: | £ | £ |
| 1 | Ordinary | £1 | <u>1</u> | <u>1</u> |

14. PENSION COMMITMENTS

The Company operates a defined contribution pension scheme. The pension cost charged for the year represents contributions payable by the Company to the scheme and amounted to £39K (2018: £38K). There was £4K (2018: £4K) outstanding at the end of the financial year.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

15. RELATED PARTY DISCLOSURES

See note 5 for disclosure of the directors' remuneration, notes 10 and 11 for disclosures of balances due to its fellow subsidiary and group undertakings in 2018.

16. ULTIMATE CONTROLLING PARTY

The immediate parent undertaking of the Company is Lianhetech Europe Ltd.

The intermediate parent undertaking of the Company is Lianhetech Holdco Ltd.

The ultimate controlling party is Lianhe Chemical Technology Co. Ltd, a company incorporated in P.R. China.

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.