

Registration number: 07804393

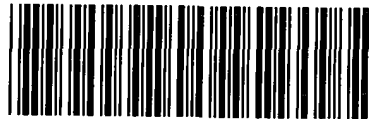
Borchers Catalyst (UK) Limited

(Formerly Catexel Limited)

Annual Report and Financial Statements

for the Year Ended 31 December 2019

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Borchers Catalyst (UK) Limited

Company Information

Directors

Halsey Moon Cook Jr.
Martin John Haworth
David Norbert Smart
David Jesse Moody II
Jeremy Samuel Graham

**Company
secretary**

Martin John Haworth

**Registered
number**

07804393

**Registered
office**

Beech Hill Plant
Gidlow Lane
Wigan
England
WN6 8RN

**Independent
auditors**

Ernst & Young LLP
1 Colmore Square
Birmingham
United Kingdom
B4 6HQ

Directors' Report

for the Year Ended 31 December 2019

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2019.

Principal activities, review of business and future developments

The principal activity of the Company during the year was development of chemical catalysts, activators and accelerators for customers in industrial applications. The results of the Company show a profit on ordinary activities before tax of £518,000 (2018: loss £380,000) and turnover of £2,913,000 (2018: £2,635,000). The balance sheet of the Company shows net assets of £469,000 (2018: £51,000). The increase in turnover and profit for 2019 was due to the continued growth in product sales and a reduction of £951,000 in administrative expenses related to intercompany management charges from previous owners after the acquisition by Borchers in February 2019. The increase in net assets was due to increased profitability. Cash collections from debtors have been improved, inventory levels have been lowered, which resulted in a higher cash balance.

On 27 February 2019 the Company's shares were acquired by Borchers Additives (UK) Limited, a UK based company, for a purchase price of \$4,400,000. Subsequent to the year-end Borchers Group was then acquired by the Milliken Group on January 28, 2020.

The Directors consider that the development of the Company's business and its financial position at the end of the year were satisfactory. The Directors do not expect any development in the Company's business in the coming years which is significantly different from its present activities.

Dividend

The Directors do not recommend the payment of a dividend (2018: £nil).

Directors of the Company

The Directors of the Company during the year and up to the date of signing of the accounts were as follows:

Devlin Howard Riley (appointed 27 February 2019 and resigned 17 December 2019)

Simon Oram (appointed 27 February 2019 and resigned 17 December 2019)

Richard Cochran (appointed 27 February 2019 and resigned 17 December 2019)

Glenn Anthony Burton Fletcher (resigned 27 February 2019)

David Charles Greensmith (resigned 27 February 2019)

Anna Christina Ohlsson-Baskerville (resigned 27 February 2019)

Paul Leonard Smith (resigned 27 February 2019)

Halsey Moon Cook Jr. (appointed 21 February 2020)

Martin John Haworth (appointed 21 February 2020)

David Norbert Smart (appointed 21 February 2020)

David Jesse Moody II (appointed 21 February 2020)

Jeremy Samuel Graham (appointed 21 February 2020)

Directors' Report

for the Year Ended 31 December 2019 (continued)

Going concern

The financial statements have been prepared on a going concern basis. The Directors have concluded that this is an appropriate basis as the Company has sufficient cash and current assets to meet its liabilities as it falls due for the foreseeable future and it is expected that the Company will continue to be cash generative and profitable. At the balance sheet date, the Company had cash of £699,000 (2018: £121,000) and net assets of £469,000 (2018: £51,000). Whilst the Company expects to be cash generative in the next 12 months, the Directors of the Company have also obtained assurance from Milliken Industrial Limited, an intermediate parent company, to provide financial support to the Company if required, for a period of at least 12 months from the date of approval of the financial statements. In drawing this conclusion, the Directors, which are common for both Borchers Catalyst UK Limited and Milliken Industrial Limited ('Milliken'), have assessed the current cash & banking facilities of Milliken Industrial Limited and reviewed profit and cash forecast for the following 12 months which shows that Milliken are able to provide such support if required.

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Brexit

On 23 June 2016, the UK held a referendum on the UK's continuing membership of the EU, the outcome of which was a decision for the UK to leave the EU (Brexit). The progress of current negotiations between the UK Government and the EU will likely determine the future terms of the UK's relationship with the EU, as well as to what extent the UK will be able to continue to benefit from the EU's single market and other arrangements. The economic impact of Brexit on the Company is not clear but any impact on the UK economy and sterling could influence the amount of revenue generated outside the UK, and fluctuations in exchange rates. The Company has some protection against this due to raw material procurement mirrors the currency of receipts from customer.

Post balance sheet events

On 11 March 2020, the World Health Organization declared COVID-19 to be a worldwide pandemic. Given this was an event occurring after the balance sheet date, this is considered to be a non-adjusting post balance sheet event. The Company has considered the impact of COVID-19 on the Company's financial statements and due to the nature of the Company's business the impact has been limited.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken steps that they ought to have as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditors

During the year, the Directors appointed Ernst & Young LLP for provision of independent auditing services.

Borchers Catalyst (UK) Limited


Directors' Report

for the Year Ended 31 December 2019 (continued)

Small companies note

The Directors have taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 not to provide a Strategic Report.

By Order of the Board



Martin John Hayworth
Company secretary and Director

10 December 2020

Beech Hill Plant
Gidlow Lane
Wigan
England
WN6 8RN

Statement of Directors' Responsibilities

The Directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Borchers Catalyst (UK) Limited

Opinion

We have audited the financial statements of Borchers Catalyst (UK) Limited (formerly Catexal Limited) (the 'Company') for the year ended 31 December 2019, which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and the related notes 1 to 18, 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

Independent Auditor's Report to the Members of Borchers Catalyst (UK) Limited (continued)

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 matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report 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 Directors' Report.

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.
- The Directors were not entitled to take advantage of small companies exemption in from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements 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.

Independent Auditor's Report to the Members of Borchers Catalyst (UK) Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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 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.

Ernst & Young LLP

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Lorna McNeil (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP
Statutory Auditor
Birmingham

Date: 13 December 2020

Borchers Catalyst (UK) Limited

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2019

	<i>Note</i>	<i>2019</i> <i>£ 000</i>	<i>2018</i> <i>£ 000</i>
Turnover	4	2,913	2,635
Cost of sales		<u>(1,842)</u>	<u>(1,585)</u>
Gross profit		1,071	1,050
Administrative expenses		(499)	(1,509)
Other income		<u>-</u>	<u>149</u>
Operating profit/(loss)	5	572	(310)
Interest payable and similar charges	9	<u>(54)</u>	<u>(70)</u>
Profit/(loss) on ordinary activities before tax		518	(380)
Tax on profit/(loss)	10	<u>(100)</u>	<u>(64)</u>
Profit/(loss) for the financial year		<u>418</u>	<u>(444)</u>

There is no other comprehensive income other than the profit/(loss) stated above and therefore no separate statement of other comprehensive income has been prepared.

The notes on pages 12 to 22 form an integral part of these financial statements.

Borchers Catalyst (UK) Limited

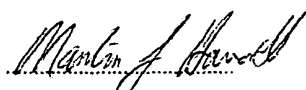
Balance Sheet

as at 31 December 2019

Registered number: 07804393

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Intangible assets	11	135	150
Current assets			
Stocks	12	162	297
Debtors	13	198	407
Cash at bank and in hand	14	699	121
		1,059	825
Creditors: amounts falling due within one year	15	(725)	(924)
Net current assets/(liabilities)		334	(99)
Total assets less current liabilities		469	51
Net assets		469	51
Capital and reserves			
Called up share capital	16	2,013	2,013
Profit and loss account		(1,544)	(1,962)
Shareholders' funds		469	51

The financial statements were approved by the Board of Directors on 11 December 2020 and were signed on its behalf by:



Martin John Haworth
Company secretary and Director

The notes on pages 12 to 22 form an integral part of these financial statements.

Borchers Catalyst (UK) Limited

Statement of Changes in Equity

for the Year Ended 31 December 2019

	<i>Called up share capital £ 000</i>	<i>Profit and loss account £ 000</i>	<i>Total equity £ 000</i>
At 1 January 2018	2,013	(1,518)	495
Total comprehensive loss for the year			
Loss for the year	-	(444)	(444)
At 31 December 2018	<u>2,013</u>	<u>(1,962)</u>	<u>51</u>
	<i>Called up share capital £ 000</i>	<i>Profit and loss account £ 000</i>	<i>Total equity £ 000</i>
At 1 January 2019	2,013	(1,962)	51
Total comprehensive income for the year			
Profit for the year	-	418	418
At 31 December 2019	<u>2,013</u>	<u>(1,544)</u>	<u>469</u>

The notes on pages 12 to 22 form an integral part of these financial statements.

Notes to the Financial Statements

for the Year Ended 31 December 2019

1 General information

Borchers Catalyst (UK) Limited (formerly Catexel Limited) (the "Company") is a company limited by shares and incorporated and domiciled in the UK, Registered Office address Beech Hill Plant, Gidlow Lane, Wigan, England, WN6 8RN.

The principal activities of the Company have been discussed in the Directors' Report.

2 Accounting policies

2.1 Basis of preparation of financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

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 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3). This information is included in the consolidated financial statements of Borchers Additives (UK) Limited as at 31 December 2019 and these financial statements may be obtained from Beech Hill Plant, Gidlow Lane, Wigan, England, WN6 8RN.

2.2 Measurement convention

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies.

Notes to the Financial Statements

for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis. The Directors have concluded that this is an appropriate basis as the Company has sufficient cash and current assets to meet its liabilities as it falls due for the foreseeable future and it is expected that the Company will continue to be cash generative and profitable. At the balance sheet date, the Company had cash of £699,000 (2018: £121,000) and net assets of £469,000 (2018: £51,000). Whilst the Company expects to be cash generative in the next 12 months, the Directors of the Company have also obtained assurance from Milliken Industrial Limited, an intermediate parent company, to provide financial support to the Company if required, for a period of at least 12 months from the date of approval of the financial statements. In drawing this conclusion, the Directors, which are common for both Borchers Catalyst UK Limited and Milliken Industrial Limited ('Milliken'), have assessed the current cash & banking facilities of Milliken Industrial Limited and reviewed profit and cash forecast for the following 12 months which shows that Milliken are able to provide such support if required.

2.4 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

2.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised at transaction price less attributable transaction costs. Trade and other creditors are recognised at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest - bearing borrowings

Interest-bearing borrowings are recognised initially at present value of future payments discounted as a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

2.6 Intangible assets and goodwill

Intangible Assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Notes to the Financial Statements

for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made. Goodwill is stated at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are 14 years.

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 5 years.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

2.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks and other costs in bringing them to their existing location and condition.

2.8 Turnover

Turnover comprises the invoiced value of the sales of goods and services after deduction of discounts and sales taxes. Revenue is recognised when the risks and rewards of the underlying products have been substantially transferred to the customer.

2.9 Expenses

Interest payable

Interest payable is recognised in profit or loss as it accrues, using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount. Foreign currency gains and losses are reported on a net basis.

Notes to the Financial Statements

for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

2.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events 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. Timing differences are differences between taxable profit and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in the periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Directors do not consider there are critical judgements, other than those involving estimation uncertainty.

Key source of estimation uncertainty

Impairment of intangibles

The financial statements include intangible assets, and assumptions have been made, largely around the timing and scale of future profitability, for calculating the value in use of the intangible.

Notes to the Financial Statements

for the Year Ended 31 December 2019 (continued)

4 Turnover

	2019 £ 000	2018 £ 000
Sale of goods	<u>2,913</u>	<u>2,635</u>

	2019 £ 000	2018 £ 000
<i>By geographical market</i>		
United Kingdom	518	-
Europe	<u>2,395</u>	<u>2,635</u>
	<u>2,913</u>	<u>2,635</u>

5 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2019 £ 000	2018 £ 000
Amortization- Goodwill	-	9
Amortization- Intangibles	<u>15</u>	<u>12</u>

6 Auditors' remuneration

	2019 £ 000	2018 £ 000
Audit of these financial statements	<u>22</u>	<u>15</u>

7 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year was nil (2018: 1) There are no employees of Borchers Catalyst (UK) Limited that are not Directors of the Company.

Notes to the Financial Statements

for the Year Ended 31 December 2019 (continued)

8 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2019 £ 000	2018 £ 000
Amounts paid to third parties in respect of Directors' services	-	28

During the previous year retirement benefits were accruing to 3 Directors.

Directors are paid on behalf of another role within the group, and that their services to this Company are immaterial.

9 Interest payable and similar charges

	2019 £ 000	2018 £ 000
Interest payable	8	-
Net foreign exchange loss	46	70
	<u>54</u>	<u>70</u>

10 Taxation

Total tax expense recognised in the profit and loss account

	2019 £ 000	2018 £ 000
Current tax on profits for the year	100	60
Adjustments in respect of previous years	-	4
Total current tax	<u>100</u>	<u>64</u>

Notes to the Financial Statements

for the Year Ended 31 December 2019 (continued)

10 Taxation (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Profit/(loss) before tax	518	(380)
Tax using the UK corporation tax rate of 2019: 19% (2018: 19%)	98	(72)
Non-deductible expenses	2	2
Deferred tax not provided	-	70
Prior year adjustment	-	4
Adjustment to group relief	-	60
Total tax expense included in profit or loss	100	64

Factors that may affect future tax charges

The standard rate of UK corporation tax reduced from 20% to 19% on 1 April 2017. The Finance (No.2) Act 2017 received Royal Assent on 16 November 2017 which decided to reduce the rate further to 17% from 1 April 2020. However, in the budget on 11 March 2020, the Chancellor of the Exchequer confirmed that the UK corporation tax rate would remain at 19% as of 1 April 2020 and would no longer reduce to 17%. Given this reduction was not

substantively enacted at the balance sheet date, the deferred tax asset continues to be recognised at 17%.

Notes to the Financial Statements

for the Year Ended 31 December 2019 (continued)

11 Intangible assets

	<i>Goodwill</i> £ 000	<i>Patents</i> £ 000	<i>Total</i> £ 000
Cost			
At 1 January 2019	65	203	268
At 31 December 2019	65	203	268
Amortisation			
At 1 January 2019	65	53	118
Charge for the year	-	15	15
At 31 December 2019	65	68	133
Net book value			
At 31 December 2019	-	135	135
At 31 December 2018	-	150	150

12 Stocks

	<i>2019</i> £ 000	<i>2018</i> £ 000
Finished goods	162	297

No stock impairment was recorded during the year (2018: £nil).

Notes to the Financial Statements

for the Year Ended 31 December 2019 (continued)

13 Debtors

	2019 £ 000	2018 £ 000
Trade debtors	159	106
Amounts owed by group undertakings	38	2
Other taxation debtors	1	296
Tax recoverable	-	3
	<u>198</u>	<u>407</u>

14 Cash and cash equivalents

	2019 £ 000	2018 £ 000
Cash at bank and in hand	<u>699</u>	<u>121</u>

15 Creditors: amounts due within one year

	2019 £ 000	2018 £ 000
Trade creditors	126	771
Amounts owed to group undertakings	429	141
Other creditors	67	-
Accruals and deferred income	22	12
Corporation tax	81	-
	<u>725</u>	<u>924</u>

Notes to the Financial Statements

for the Year Ended 31 December 2019 (continued)

16 Share capital

Authorised, allotted, called up and fully paid shares

	2019		2018	
	No.	£ 000	No.	£ 000
Ordinary shares of £0.01 each	201,255,999	2,013	-	-
A Ordinary shares of £0.01 each	-	-	19,926	-
B Ordinary shares of £0.01 each	-	-	4,658	-
G Ordinary shares of £0.01 each	-	-	3,315	-
Preferred shares of £0.01 each	-	-	201,228,100	2,013
	<u>201,255,999</u>	<u>2,013</u>	<u>201,255,999</u>	<u>2,013</u>

The rights of the different classes of shares are as follows:

Preferred shares (non-voting)

The preferred shares are redeemable on the occurrence of the 'Redemption Event', which is at the option of the Company. Preferred shares carry no right to dividends, however at the date of redemption each holder of Preferred Shares is entitled to receive a fixed cumulative preferential dividend at the rate of 6 per cent per annum of the issue price of each share.

Ordinary shares

The A, B and G Ordinary shares rank pari passu save that the Articles contain valuation provisions should a holder of B Shares leave the Company's employment. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 23 July 2019, Company has re-designated its Ordinary A- 19,926 shares of £.01 each into 19,926 Ordinary shares of £.01, Ordinary B- shares 4,658 of £.01 each into 4,658 Ordinary shares of £.01, Ordinary G- shares 3,315 of £.01 each into 3,315 Ordinary shares of £.01 and Preferred shares 201,228,100 of £.01 each into 201,228,100 Ordinary shares of £.01. The preferred shareholder, Borchers Additives UK Limited, has waived off dividend right on the date of re-designation.

17 Post balance sheet events

On 11 March 2020, the World Health Organization declared COVID-19 to be a worldwide pandemic. Given this was an event occurring after the balance sheet date, this is considered to be a non-adjusting post balance sheet event. The Company has considered the impact of COVID-19 on the Company's financial statements and due to the nature of the Company's business the impact has been limited.

Notes to the Financial Statements

for the Year Ended 31 December 2019 (continued)

18 Ultimate parent company and parent company of larger group

As of 31 December 2019 the ultimate parent company and controlling party was Borchers Group Limited, incorporated in the Cayman Islands, Registered Office, 190 Elgin Avenue, Grand Cayman, KY1-9005 and the immediate holding company was Borchers Additives (UK) Limited, Registered Office, Beech Hill Plant, Gidlow Lane, Wigan, England, WN6 8RN. Borchers Additives' financial statements include the results of the Company.

On January 28, 2020, Borchers Group was acquired by Milliken & Company, a company incorporated in the United States of America, which is the current ultimate parent and controlling party.