REGISTERED NUMBER: SC157459 (Scotland)

AMENDED

Group Strategic Report, Report of the Directors and

Consolidated Financial Statements For The Year Ended 31 December 2019

for

CASTLE CHEMICALS LTD

CASTLE CHEMICALS LTD (REGISTERED NUMBER: SC157459)

Contents of the Consolidated Financial Statements
For The Year Ended 31 December 2019

CASTLE CHEMICALS LTD

Company Information
For The Year Ended 31 December 2019

DIRECTORS:	A J McCann J Muff Mrs J J McCann Mrs S Muff
SECRETARY:	
REGISTERED OFFICE:	4th floor 115 George Street Edinburgh Lothian EH2 4JN
REGISTERED NUMBER:	SC157459 (Scotland)
AUDITORS:	Leavitt Walmsley Associates Limited Chartered Certified Accountants and Statutory Auditors 8 Eastway Sale Cheshire M33 4DX

CASTLE CHEMICALS LTD (REGISTERED NUMBER: SC157459)

Group Strategic Report
For The Year Ended 31 December 2019

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

The directors present their strategic report for the year ended 31 December 2019.

REVIEW OF BUSINESS
The directors are satisfied with the group's performance during the reporting period.

This is the first year in which the group has had to prepare consolidated financial statements on the basis that the group now has a wholly-owned subsidiary.

The group operates on relatively low gross profit margins (6.46%) and this is expected given that the group's turnover for the year ended 31 December 2019 has been derived wholly from the parent company. The parent company has been established for several years and operates in an industry where low margins are the 'norm'.

The group's activities are primarily the distribution of rubber products. In February 2020 (which is after the group's reporting date), Covid-19 (coronavirus) was detected and the UK government introduced significant restrictions aimed at combatting the spread of the virus. Among other measures, these included the closure of all non-essential businesses and the disruption caused by the pandemic has been significant. The group expects challenging times during the course of the 2020 financial year but is well-placed to 'ride out the storm'.

Group profit before tax amounted to £675,117. In the year to 31 December 2019, Castle Chemicals (Ireland) Ltd began to trade. However, the subsidiary did not generate any income and merely incurred various expenditure, the costs of which were met by the parent company. In the year to 31 December 2019, Castle Chemicals (Ireland) Ltd has sustained a loss amounting to c£7k. In this first year of trading, the group expected this loss to arise.

In the spring of 2020, the group will appoint a non-executive finance director who will oversee the financial aspects of the group, including ensuring cash flow and borrowing facilities remain sufficient for the group to meet its day-to-day working capital requirements and borrowing obligations.

During the year the parent entity entered into a share buyback transaction redeeming two ex-shareholders' shares out of reserves. The parent entity is still in a strong financial position after this transaction.

The group balance sheet is in a strong financial position as at 31 December 2019 with net assets of some £701k. There is adequate headroom between the group's current assets and current liabilities with the group being in a net current assets position of c£893k.

Budgets and forecasts indicate that 2020 will be a challenging year (particularly with the effects of Covid-19) but on the basis that government restrictions will ease in the summer of 2020, it is anticipated that the company's activities will return to normal.

Group Strategic Report
For The Year Ended 31 December 2019

PRINCIPAL RISKS AND UNCERTAINTIES
The directors of the group have identified the following risks and uncertainties in the group's business model:

Financial risk
The group is exposed to foreign exchange risk. Foreign exchange risk arises when the group enters into transactions that are denominated in a currency other than its functional currency. The group is predominantly exposed to currency risk on purchases made in US Dollars and Euros. In order to mitigate this risk, the group tries to buy and sell in the same currency having bank accounts denoted in US Dollars and Euros. The group does not enter into forward foreign currency contracts.

Customer base
The group has a high dependency on two industrial sectors. This is an issue which is being addressed as part of the group's medium-term strategical plan. The group operates a rolling budget which is updated monthly against actual figures and this helps to predict any 'peaks and troughs' in cashflow versus planned outturn.

Credit risk
The group's credit risk arises primarily through its trade debtors. The amounts presented in the group balance sheet are net of specific bad debt provisions. A bad debt provision is recognised by the group when there is objective evidence that a debtor has become impaired - for example, where the debtor enters into bankruptcy proceedings.

The group's parent entity has fully insured the vast majority of its sales ledger in order to minimise the risk of non-recoverability.

Interest rate risk
The group is exposed to interest rate risk on its borrowings, In particular, the parent entity has borrowings in the form of invoice discounting and overdraft facilities. The group has a policy of actively managing its interest rate exposure through strict compliance with the terms of its borrowing facilities. The finance department is also actively involved in cash management to ensure adequate working capital requirements are available to the group and regular bank reconciliations are prepared in addition to cash flow forecasts.

Transition period for Brexit
The group is currently uncertain as to whether cessation of the transition period following Britain's departure from the EU (which is scheduled to end on 31 December 2020) will have any detrimental impact in the industry in which the group operates. There is also uncertainty as top whether additional costs may be imposed on the group for exporting goods into the EU following cessation of the transition period. The directors of the group aim to mitigate this risk by ensuring there is adequate working capital available to meet any additional costs. The parent's subsidiary is located in Ireland which will also help in mitigating risks associated with Brexit.

In the event that Britain's transition period ceases without a deal, the group's directors aim to foresee potential price increases and additional duties and tariffs which may need to be factored into account when determining selling prices.

Covid-19 (coronavirus)
At the group's balance sheet date, the Covid-19 virus had not been detected. Hence the group's directors consider the effects of Covid-19 to be a non-adjusting event. Government restrictions announced in March 2020 mean there is likely to be adverse implications for the group during the financial year ending 31 December 2020. Updated rolling budgets, the onboarding of a non-executive finance director and regular reviews of the group's financial position aim to mitigate the risks associated with the pandemic as far as possible.

Group Strategic Report
For The Year Ended 31 December 2019

KEY PERFORMANCE INDICATORS

Key performance indicators (KPI) of the group include revenue, gross margins and operating profit. These KPIs are selected by group management as 'key' on the grounds that the group generates the vast majority of its income from the parent entity, Castle Chemicals Ltd, which operates on quite low margins.

The market for the supply and distribution of products in the sector Castle Chemicals Ltd operates in is competitive and price-sensitive. The group offsets some of these risks via the strength of its supply chain and customer service levels that have led to strengthening the relationships with customers during the Covid-19 crisis and the directors expect this to stand the group in good stead for the future.

The directors of the parent entity strive to maintain margins as high as possible in order to preserve profit, but at the same time need to maintain competitive advantage in an industry where low margins are normal. Operating profit is also judged to be a KPI on the grounds that this is an indicator of group performance, whereas pre-tax profit may include exceptional items (an 'exceptional item' being a transaction that is not expected to reoccur).

During the year to 31 December 2019, there were no exceptional items reported in group profit or loss.

KPIs are reviewed by group management on a monthly basis in management meetings. They are reviewed against budgeted information and any significant variances between budgeted and actual KPIs are investigated by group management.

	Key performance indicators (group)
Revenue	£25m (2018: £24m)
Gross profit margin	6.4% (2018: 6.6%)
Operating profit	£677k (2018: £782k)
Net current assets	£893k (2018: £896k)
Net assets	£701k (2018: £907k)
Free cash flow	£588k (2018: £122k)

Free cash flow relates to cash and cash equivalents which are available on-demand to the group.

Group management consider the above KPIs for the year ended 31 December 2019 to be acceptable. There is sufficient working capital available in order for the group to meet its day-to-day working capital requirements and these KPIs are being kept under constant review in the succeeding financial year ending 31 December 2020 to counteract the effects of Covid-19.

FUTURE DEVELOPMENTS

As noted in the Review of business section of this strategic report, the group has recruited a non-executive finance director in the spring of 2020. The group plans to maintain its competitive advantage within the markets in which it operates. The group also aims to expand its customer base in recognition of the fact that politics, technology, Covid-19 and the overall world economy has changed the landscape. Group management therefore recognise that it is vital that growth is managed sustainably and responsibly. The directors consider that the group is well-placed to achieve its objectives that have been set for 2020, despite uncertainties within the marketplace and the overall global economic situation.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting date are included in Note 25 to the financial statements.

ON BEHALF OF THE BOARD:

A J McCann - Director

21 August 2020

Report of the Directors
For The Year Ended 31 December 2019

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

The review of business, principal risks and uncertainties, key performance indicators and future developments are not shown in the directors' report as they are shown in the group strategic report in accordance with s414C(11) of the Companies Act 2006.

COMMENCEMENT OF TRADING
This is the first year the group has prepared consolidated financial statements on the grounds that it now owns a wholly owned trading subsidiary. As a result, prior year comparatives are not presented in these consolidated financial statements.

DIVIDENDS
Interim dividends per share were paid during the year as follows:

Ordinary A £1	- £3008.1199
Ordinary B £1	- £632.58941

The total distribution of dividends for the year ended 31 December 2019 will be £195,184.

The directors have not recommended a final dividend be declared out of profits 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.

A J McCann
J Muff
Mrs J J McCann
Mrs S Muff

Other changes in directors holding office are as follows:

J P L Wood - resigned 1 May 2019
Mrs N Wood - resigned 1 May 2019

FINANCIAL INSTRUMENTS
The group's financial instruments are largely traded in the functional currency, being sterling, and the group does not use hedge accounting in respect of its financial instruments.

The group is susceptible to foreign exchange and interest rate risk on its transactions and borrowings. These risks are disclosed in the strategic 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 group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS
The auditors, Leavitt Walmsley Associates Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

J. M. - ff

J Muff - Director

21 August 2020

Statement of Directors' Responsibilities
For The Year Ended 31 December 2019

The directors are responsible for preparing the Group Strategic Report, 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 the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Independent Auditors to the Members of
Castle Chemicals Ltd

Opinion
We have audited the financial statements of Castle Chemicals Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Profit and Loss Account, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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 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 group's and of the parent company affairs as at 31 December 2019 and of the group's 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 group 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.

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 group'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.

Emphasis of matter
Without qualifying our opinion, we draw your attention to Note 25 of the consolidated financial statements which refers to the effects of Covid-19 on the operations of the business. Note 25 confirms that the effects of the pandemic have been identified as a non-adjusting event for the year ended 31 December 2019.

Other information
The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report, 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Castle Chemicals Ltd

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page six, 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 group's and the parent 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 group or the parent 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.

Steven John Collings FCCA (Senior Statutory Auditor)
for and on behalf of Leavitt Walmsley Associates Limited
Chartered Certified Accountants and
Statutory Auditors
8 Eastway
Sale
Cheshire
M33 4DX

21 August 2020

CASTLE CHEMICALS LTD (REGISTERED NUMBER: SC157459)

Consolidated Profit and Loss Account
For The Year Ended 31 December 2019

	Notes	31.12.19 £	31.12.18 £
TURNOVER	4	25,155,150	24,089,199
Cost of sales		(23,529,833)	(22,498,228)
GROSS PROFIT		1,625,317	1,590,971
Administrative expenses		(948,624)	(808,822)
OPERATING PROFIT	6	676,693	782,149
Interest receivable and similar income		2,148	1,188
		678,841	783,337
Interest payable and similar expenses	8	(3,724)	-
PROFIT BEFORE TAXATION		675,117	783,337
Tax on profit	9	(124,422)	(153,141)
PROFIT FOR THE FINANCIAL YEAR		550,695	630,196
Profit attributable to:			
Owners of the parent		550,695	630,196

The notes form part of these financial statements

Consolidated Other Comprehensive Income
For The Year Ended 31 December 2019

	Notes	31.12.19 £	31.12.18 £
PROFIT FOR THE YEAR		550,695	630,196
OTHER COMPREHENSIVE INCOME			
Share buyback		(560,000)	-
Transfer to capital redemption reserve		34	-
Foreign translation reserve		(1,688)	-
Income tax relating to components of other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		(561,654)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(10,959)	630,196
Total comprehensive income attributable to:			
Owners of the parent		(10,959)	630,196

The notes form part of these financial statements

Consolidated Balance Sheet
31 December 2019

	Notes	31.12.19 £	£	31.12.18 £	£
FIXED ASSETS					
Tangible assets	12		8,649		10,448
Investments	13		-		-
			8,649		10,448
CURRENT ASSETS					
Stocks	14	2,416,969		1,851,078	
Debtors	15	6,444,875		7,518,612	
Cash at bank		587,626		122,487	
		9,449,470		9,492,177	
CREDITORS					
Amounts falling due within one year	16	8,556,236		8,595,797	
NET CURRENT ASSETS			893,234		896,380
TOTAL ASSETS LESS CURRENT LIABILITIES			901,883		906,828
CREDITORS					
Amounts falling due after more than one year	17		201,232		-
NET ASSETS			700,651		906,828
CAPITAL AND RESERVES					
Called up share capital	21		68		102
Capital redemption reserve	22		34		-
Foreign translation reserve	22		(1,688)		-
Retained earnings	22		702,237		906,726
SHAREHOLDERS' FUNDS			700,651		906,828

The financial statements were approved by the Board of Directors and authorised for issue on 21 August 2020 and were signed on its behalf by:

A J McCann - Director

J Muff - Director

The notes form part of these financial statements

Company Balance Sheet
31 December 2019

	Notes	31.12.19 £	£	31.12.18 £	£
FIXED ASSETS					
Tangible assets	12		8,649		10,448
Investments	13		*85*		-
			8,734		10,448
CURRENT ASSETS					
Stocks	14	2,416,969		1,851,078	
Debtors	15	6,457,327		7,518,612	
Cash at bank		582,412		122,487	
		9,456,708		9,492,177	
CREDITORS					
Amounts falling due within one year	16	8,554,704		8,595,797	
NET CURRENT ASSETS			902,004		896,380
TOTAL ASSETS LESS CURRENT LIABILITIES			910,738		906,828
CREDITORS					
Amounts falling due after more than one year	17		201,232		-
NET ASSETS			709,506		906,828
CAPITAL AND RESERVES					
Called up share capital	21		68		102
Capital redemption reserve			34		-
Retained earnings			709,404		906,720
SHAREHOLDERS' FUNDS			709,506		906,828
Company's profit for the financial year			557,862		630,196

The financial statements were approved by the Board of Directors and authorised for issue on 16 April 2020 and were signed on its behalf by:

A J McCann - Director

J Muff - Director

The notes form part of these financial statements

Consolidated Statement of Changes in Equity
For The Year Ended 31 December 2019

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Foreign translation reserve £	Total equity £
Balance at 1 January 2018	102	508,730	-	-	508,832
Changes in equity					
Dividends	-	(232,200)	-	-	(232,200)
Total comprehensive income	-	630,196	-	-	630,196
Balance at 31 December 2018	102	906,726	-	-	906,828
Changes in equity					
Issue of share capital	(34)	-	-	-	(34)
Dividends	-	(195,184)	-	-	(195,184)
Total comprehensive income	-	(9,305)	34	(1,688)	(10,959)
Balance at 31 December 2019	68	702,237	34	(1,688)	700,651

The notes form part of these financial statements

Company Statement of Changes in Equity
For The Year Ended 31 December 2019

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 January 2018	102	508,730	-	508,832
Changes in equity				
Dividends	-	(232,200)	-	(232,200)
Total comprehensive income	-	630,196	-	630,196
Balance at 31 December 2018	102	906,726	-	906,828
Changes in equity				
Issue of share capital	(34)	-	-	(34)
Dividends	-	(195,184)	-	(195,184)
Total comprehensive income	-	(2,138)	34	(2,104)
Balance at 31 December 2019	68	709,404	34	709,506

The notes form part of these financial statements

Consolidated Cash Flow Statement
For The Year Ended 31 December 2019

	Notes	31.12.19 £	31.12.18 £
Cash flows from operating activities			
Cash generated from operations	1	1,080,257	(1,928,457)
Interest paid		(3,724)	-
Tax paid		(178,744)	(75,561)
Net cash from operating activities		897,789	(2,004,018)
Cash flows from investing activities			
Purchase of tangible fixed assets		(3,419)	(559)
Interest received		2,148	1,188
Net cash from investing activities		(1,271)	629
Cash flows from financing activities			
New loans in year		250,000	-
Amount introduced by directors		67,070	30,000
Amount withdrawn by directors		(6,826)	(142,547)
Share buyback		(560,000)	-
Equity dividends paid		(195,184)	(232,200)
Net cash from financing activities		(444,940)	(344,747)
Increase/(decrease) in cash and cash equivalents		451,578	(2,348,136)
Cash and cash equivalents at beginning of year	2	(4,482,997)	(2,134,861)
Effect of foreign exchange rate changes		(1,688)	-
Cash and cash equivalents at end of year	2	(4,033,107)	(4,482,997)

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement
For The Year Ended 31 December 2019

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.19	31.12.18
	£	£
Profit before taxation	675,117	783,337
Depreciation charges	5,218	5,995
Finance costs	3,724	-
Finance income	(2,148)	(1,188)
	681,911	788,144
Increase in stocks	(565,891)	(14,817)
Decrease/(increase) in trade and other debtors	1,015,711	(3,814,659)
(Decrease)/increase in trade and other creditors	(51,474)	1,112,875
Cash generated from operations	1,080,257	(1,928,457)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	587,626	122,487
Bank overdrafts	(4,620,733)	(4,605,484)
	(4,033,107)	(4,482,997)

Year ended 31 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	122,487	402,538
Bank overdrafts	(4,605,484)	(2,537,399)
	(4,482,997)	(2,134,861)

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.19	Cash flow	At 31.12.19
	£	£	£
Net cash			
Cash at bank	122,487	465,139	587,626
Bank overdrafts	(4,605,484)	(15,249)	(4,620,733)
	(4,482,997)	449,890	(4,033,107)
Debt			
Debts falling due within 1 year	-	(48,768)	(48,768)
Debts falling due after 1 year	-	(201,232)	(201,232)
	-	(250,000)	(250,000)
Total	(4,482,997)	199,890	(4,283,107)

Notes to the Consolidated Financial Statements
For The Year Ended 31 December 2019

1. STATUTORY INFORMATION

Castle Chemicals Ltd is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

The company's trading office is:

Gateway House
Styal Road
Heald Green
Manchester M22 5WY

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with the provisions of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The functional currency of the group is considered to be pounds sterling because that is the currency of the primary economic environment in which the parent company operates. The consolidated financial statements are also presented in pounds sterling.

Basis of consolidation
The group financial statements consolidate the financial statements of the parent and its subsidiary undertaking drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

A subsidiary is classed as such when the parent has the ability to control the operating and financial policies of the entity. This will usually arise when the parent has an ownership interest of more than 50%.

Business combinations are accounted for under the purchase method of accounting. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Subsidiaries are deconsolidated from the date on which control ceases.

Turnover
Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards of ownership have been transferred to the buyer and contractual terms satisfied. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the rendering of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date, turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received in advance of services provided, the amounts are recorded as deferred income and included as part of creditors falling due within one year.

The group has processes in place which ensure that revenue is recognised in the correct accounting period, which is usually at the point the customer has signed for delivery of the goods. At this point, the risks and rewards of ownership of the goods pass to the customer and hence the recognition of revenue takes place.

Revenue in respect of commissions receivable is recognised when the company has fulfilled its contractual obligations to the customer in terms of shipping and the amount of revenue can be reliably measured.

continued...

2. **ACCOUNTING POLICIES - continued**

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 33% on cost
Fixtures and fittings	- 33% on cost and 20% on cost

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs which are directly attributable in bringing the asset to its location and condition so that it is capable of operating in the manner intended by management.

Residual values used in the calculation of depreciable amount are the expected amounts which would currently be obtained from disposal of assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of their useful lives.

Profits and losses on the disposal of fixed assets are included in the calculation of profit for the period.

The directors assess the company's tangible assets for evidence of impairment at each reporting date. Where there are indicators of impairment, the directors calculate recoverable amount of the asset(s) and compare this with the carrying amount. If recoverable amount is lower than carrying amount, the asset is written down to recoverable amount by way of an impairment loss which is recognised in profit or loss for the period. Impairment losses are reversed when there is evidence that the reasons giving rise to the original impairment have ceased to apply. Impairment losses are reversed through profit and loss but only to the extent that the reversal does not increase the carrying amount of the asset to the amount which would have been stated, net of depreciation, had no impairment loss been recognised.

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

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, freight, irrecoverable taxes and costs of conversion and other directly attributable costs which are incurred by the entity in bringing the stock to its present location and condition. The cost methodology employed by the entity is the first-in first-out method.

continued...

2. **ACCOUNTING POLICIES - continued**

Financial instruments
A financial asset or financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at transaction price and measured at amortised cost using the effective interest method. Where investments in non-derivative financial instruments are publicly traded, or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value through profit or loss. All other investments are subsequently measured at cost less impairment.

Cash and cash equivalents
These comprise cash at bank and other short-term highly liquid bank deposits with an original maturity of three months or less.

Debtors and creditors
Debtors and creditors which fall due within one year are recorded in the financial statements at transaction price and subsequently measured at amortised cost. If the effects of the time value of money are immaterial, they are measured at cost (less impairment for trade debtors). Debtors are reviewed for impairment at each reporting date and any impairments are recorded in profit or loss and shown within administrative expenses when there is objective evidence that a debtor is impaired. Objective evidence that a debtor is impaired arises when the customer is unable to settle amounts owing to the company or the customer becomes bankrupt.

Debtors do not carry interest and are stated at their nominal value.

Trade creditors are not interest-bearing and are stated at their nominal value.

Impairment of financial assets
Financial assets which are measured at cost or amortised cost are reviewed for objective evidence of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately. All equity instruments, regardless of significance, and other financial assets that are individually significant, are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset which exceeds what the carrying amount would have been had the impairment loss not previously been recognised.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Profit and Loss Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

continued...

2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax is calculated using timing difference plus approach.

Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are only recognised 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.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of the difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

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.

Where items recognised in other comprehensive income or equity are chargeable 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 assets and liabilities are offset if, and only, if the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in other comprehensive income and accumulated in equity.

Other exchange differences are recognised in profit or loss in the period in which they arise except for, in the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised in other comprehensive income and reported under equity.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account using the effective interest method under Section 11 of FRS 102 'Basic Financial Instruments'. The capital element of the liability is presented in the balance sheet as a liability and split between the portion falling due within one year and the portion falling due after more than one year.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

continued...

2. ACCOUNTING POLICIES - continued

Employee benefits
Short-term employee benefits are measured at the undiscounted amount expected to be paid in exchange for the employee's services to the company. Where employees have accrued short-term benefits which the entity has not paid by the balance sheet date, an accrual is recognised within creditors: amounts falling due within one year with an associated expense in profit or loss.

Going concern
After reviewing forecasts and projects, the directors have a reasonable expectations that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore adopts the going concern basis of accounting in the preparation of these consolidated financial statements.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in note 1, management is required to make judgements, estimates and assumptions concerning the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements
Critical accounting judgements include the following:

Revenue recognition
The group receives commissions from one of its subsidiary's largest material supplier. During the accounting period an estimate was recognised as revenue in respect of commissions receivable as at 31 December 2019.

Management have considered the revenue recognition criteria in FRS 102, Section 23 'Revenue' and, in particular, whether this commission was associated with a contract whose outcome could be reliably estimated. After detailed analysis and confirmation post-year end as to the amount to be paid by the customer, the directors are satisfied that the estimate is reliable and that the revenue recognition criteria in FRS 102, Section 23 is met.

Key sources of estimation uncertainty
The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements of the group are as follows:

Stock
Estimated selling prices, less further costs expected to be incurred to completion and disposal are based on historic experiences, which are derived from unobservable market prices.

Leases
Determination of whether lease arrangements entered into by the company are operating leases or finance leases depend on an assessment of whether the risks and rewards of ownership have been transferred form the lessor to the lessee on a lease-by-lease basis.

Tangible fixed assets
Tangible fixed assets are depreciated over their useful economic lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological obsolescence, product lifecycles and maintenance programmes are taken into consideration. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

continued...

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	31.12.19	31.12.18
	£	£
United Kingdom	3,873,893	3,252,042
Europe	16,433,859	16,236,120
United States of America	2,902,904	3,203,863
Asia	1,944,494	1,397,174
	25,155,150	24,089,199

5. EMPLOYEES AND DIRECTORS

	31.12.19	31.12.18
	£	£
Wages and salaries	297,104	231,925
Social security costs	29,026	22,817
Other pension costs	14,924	10,278
	341,054	265,020

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

	31.12.19	31.12.18
Management	7	7
Administration staff	6	6
	13	13

The average number of employees by undertakings that were proportionately consolidated during the year was NIL (2018 - NIL).

	31.12.19	31.12.18
	£	£
Directors' remuneration	106,728	61,342
Directors' pension contributions to money purchase schemes	5,148	5,148

6. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.19	31.12.18
	£	£
Other operating leases	26,040	28,443
Depreciation - owned assets	5,218	5,995
Foreign exchange (gain) loss	146,528	37,342

7. AUDITORS' REMUNERATION

	31.12.19	31.12.18
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	9,616	7,550

No services were provided pursuant to contingent fee arrangements.

continued...

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.19	31.12.18
	£	£
Bank loan interest	3,724	-

9. TAXATION

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	31.12.19	31.12.18
	£	£
Current tax:		
UK corporation tax	124,422	153,141
Tax on profit	124,422	153,141

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.19	31.12.18
	£	£
Profit before tax	675,117	783,337
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	128,272	148,834
Effects of:		
Expenses not deductible for tax purposes	4,235	3,285
Depreciation in excess of capital allowances	342	1,022
Utilisation of tax losses	1,362	-
Adjustments to tax charge in respect of previous periods	(9,789)	-
Total tax charge	124,422	153,141

Tax effects relating to effects of other comprehensive income

		31.12.19	
	Gross	Tax	Net
	£	£	£
Share buyback	(560,000)	-	(560,000)
Transfer to capital redemption reserve	34	-	34
Foreign translation reserve	(1,688)	-	(1,688)
	(561,654)	-	(561,654)

10. INDIVIDUAL PROFIT AND LOSS ACCOUNT

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements.

11. DIVIDENDS

	31.12.19	31.12.18
	£	£
Ordinary A shares of £1 each		
Interim div share type A	92,276	95,152
Ordinary B shares of £1 each		
Interim div share type B	21,508	80,524
Ordinary C shares of £1 each		
Interim div share type C	81,400	56,524
	195,184	232,200

continued...

12. TANGIBLE FIXED ASSETS

Group

	Improvements to property £	Fixtures and fittings £	Totals £
COST			
At 1 January 2019	6,447	41,038	47,485
Additions	-	3,419	3,419
At 31 December 2019	6,447	44,457	50,904
DEPRECIATION			
At 1 January 2019	6,447	30,590	37,037
Charge for year	-	5,218	5,218
At 31 December 2019	6,447	35,808	42,255
NET BOOK VALUE			
At 31 December 2019	-	8,649	8,649
At 31 December 2018	-	10,448	10,448

Company

	Improvements to property £	Fixtures and fittings £	Totals £
COST			
At 1 January 2019	6,447	41,038	47,485
Additions	-	3,419	3,419
At 31 December 2019	6,447	44,457	50,904
DEPRECIATION			
At 1 January 2019	6,447	30,590	37,037
Charge for year	-	5,218	5,218
At 31 December 2019	6,447	35,808	42,255
NET BOOK VALUE			
At 31 December 2019	-	8,649	8,649
At 31 December 2018	-	10,448	10,448

13. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
Additions	85
At 31 December 2019	85
NET BOOK VALUE	
At 31 December 2019	85

continued...

13. FIXED ASSET INVESTMENTS - continued

The following is the subsidiary undertaking of the parent:

Name	Principal activity	Class of shares	Holding
Castle Chemicals Limited (Ireland),25 Herbert Place,Dublin 2	Holding of intellectual property and exporting of goods across the EU	Ordinary	100%

14. STOCKS

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Stocks	2,416,969	1,851,078	2,416,969	1,851,078

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Trade debtors	5,932,185	6,773,064	5,932,185	6,773,064
Amounts owed by group undertakings	-	-	12,452	-
Other debtors	53,022	239,406	53,022	239,406
Directors' current accounts	268,872	329,116	268,872	329,116
Tax	101,329	99,111	101,329	99,111
VAT	-	8,326	-	8,326
Prepayments	89,467	69,589	89,467	69,589
	6,444,875	7,518,612	6,457,327	7,518,612

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Bank loans and overdrafts (see note 18)	4,669,501	4,605,484	4,669,501	4,605,484
Trade creditors	3,651,485	3,720,269	3,651,485	3,720,269
Tax	136,429	188,533	136,429	188,533
Social security and other taxes	8,481	8,557	8,481	8,557
VAT	43,421	-	44,005	-
Other creditors	32,303	30,004	32,303	30,004
Accrued expenses	14,616	42,950	12,500	42,950
	8,556,236	8,595,797	8,554,704	8,595,797

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Bank loans (see note 18)	201,232	-	201,232	-

continued...

18. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	4,620,733	4,605,484	4,620,733	4,605,484
Bank loans	48,768	-	48,768	-
	4,669,501	4,605,484	4,669,501	4,605,484
Amounts falling due between two and five years:				
Bank loans - 2-5 years	201,232	-	201,232	-

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Company

	Non-cancellable operating leases	
	31.12.19	31.12.18
	£	£
Within one year	21,000	21,000
Between one and five years	-	21,000
	21,000	42,000

20. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	31.12.19	31.12.18	31.12.19	31.12.18
	£	£	£	£
Bank overdraft	4,620,733	-	4,620,733	4,605,484
Bank loans	250,000	-	250,000	-
	4,870,733	-	4,870,733	4,605,484

The directors have made personal guarantees in favour of HSBC UK on behalf of the parent company as follows:

- A Guarantee limited to £125,000 by Mr A J McCann
- A Guarantee limited to £125,000 by Mr J Muff

In addition:

A floating charge dated 13 December 2019 in favour of HSBC Invoice Finance (UK) Ltd over all the property or undertakings of the company including uncalled capital.

A floating charge dated 2 January 2020 in favour of HSBC UK Bank PLC over all the property or undertakings of the company including uncalled capital.

continued...

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.19 £	31.12.18 £
34	Ordinary A	£1	34	34
NIL	Ordinary B	£1	-	34
34	Ordinary C	£1	34	34
			68	102

22. RESERVES

Group

	Retained earnings £	Capital redemption reserve £	Foreign translation reserve £	Totals £
At 1 January 2019	906,726	-	-	906,726
Profit for the year	550,695	-	-	550,695
Dividends	(195,184)	-	-	(195,184)
Purchase of own shares	(560,000)	34	-	(559,966)
Translation adjustment	-	-	(1,688)	(1,688)
At 31 December 2019	702,237	34	(1,688)	700,583

Company

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2019	906,726	-	906,726
Profit for the year	557,862		557,862
Dividends	(195,184)		(195,184)
Purchase of own shares	(560,000)	34	(559,966)
At 31 December 2019	709,404	34	709,438

The group and company's reserves comprise the following:

The capital redemption reserve represents the par value of the shares bought back by the company from two outgoing shareholders in 2019.

Other reserves represent the foreign exchange reserve on translation of the overseas subsidiary.

Retained earnings represent cumulative profits or losses, net of dividends paid and other adjustments.

23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 December 2019 and 31 December 2018:

	31.12.19 £	31.12.18 £
J Muff		
Balance outstanding at start of year	134,973	114,973
Amounts advanced	-	20,000
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	134,973	134,973

continued...

23. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES - continued**

A J McCann		
Balance outstanding at start of year	107,073	64,526
Amounts advanced	6,826	42,547
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	113,899	107,073
J P L Wood		
Balance outstanding at start of year	57,070	37,070
Amounts advanced	-	20,000
Amounts repaid	(57,070)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	-	57,070
Mrs N Wood		
Balance outstanding at start of year	10,000	10,000
Amounts repaid	(10,000)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	-	10,000
Mrs J J McCann		
Balance outstanding at start of year	10,000	10,000
Amounts repaid	-	
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	10,000	10,000
Mrs S Muff		
Balance outstanding at start of year	10,000	10,000
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	10,000	10,000

The directors' loan accounts are included within group debtors: amounts falling due within one year.

The rate of interest charged by the group on the advances is 0% and no formal conditions exist in relation to the advances and hence the loan accounts are repayable on demand.

During the year no amounts were written off or waived (2018: £nil).

24. **RELATED PARTY DISCLOSURES**

The group has taken advantage of the exemption in FRS 102, para 33.1A from disclosing transactions with wholly-owned members.

During the year, a total of key management personnel compensation of £288,715 (2018 - £281,523) was paid.

continued...

25. EVENTS AFTER THE END OF THE REPORTING PERIOD

Since 31 December 2019, the spread of Covid-19 has severely impacted many local economies around the world. In many countries, businesses have been forced to cease or limit operations for a significant period of time. Measures have been taken to contain the spread of the virus, including travel bans, quarantines, social distancing and the closure of non-essential businesses worldwide, resulting in an economic slowdown.

Government and central banks have responded with monetary and fiscal interventions to stabilise economic conditions. The group may be affected by the effects of Covid-19 through reduced sales volumes and increased credit risk.

The group has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the Covid-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the group for future periods.