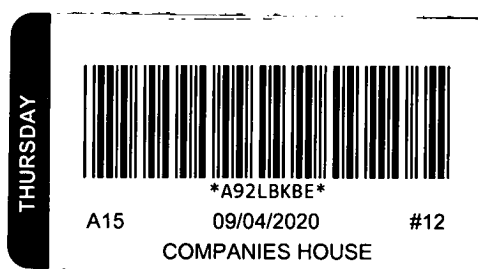


**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2019**
for
Airedale Chemical Company Limited



**Contents of the Financial Statements
for the Year Ended 31 December 2019**

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Airedale Chemical Company Limited

**Company Information
for the Year Ended 31 December 2019**

DIRECTORS:

C J Chadwick
J M Leighton
C Thomson
R M Wolff
D Fox
T Howell
D G Marr
B M Hall

SECRETARY:

C Thomson

REGISTERED OFFICE:

Airedale Mills
Skipton Road
Crosshills
Keighley
West Yorkshire
BD20 7BX

REGISTERED NUMBER:

01149113 (England and Wales)

AUDITORS:

Stirk Lambert & Co
Chartered Accountants
Statutory Auditors
Russell Chambers
61a North Street
Keighley
West Yorkshire
BD21 3DS

Airedale Chemical Company Limited (Registered number: 01149113)

**Strategic Report
for the Year Ended 31 December 2019**

The directors present their strategic report on the company for the year ended 31st December 2019. During the year the principal activity of the company continued to be the manufacture and supply of speciality chemicals and dyestuffs.

REVIEW OF BUSINESS

The results for the year and the financial position of the company are shown in the financial statements.

The board of directors are pleased with the results for the year, which has been a result of significant efforts following our group restructure in 2018.

Turnover for the year ended 31st December 2019 amounted to £46,117,332 (2018 - £43,529,682) an increase of 5.9% on the previous financial year.

The majority of our turnover is generated from sales to the domestic market. Turnover generated from export was £1,397,883 (2018 - £1,029,425).

Sales increased to the EU in 2019 by £274,713, which is line with company strategy to grow our business overseas. Exports are in the main however to European industry.

The business continues to focus on key products categories which allows the board to control and maximise on gross margin in each category.

Gross margin achieved in the year amounted to £12,742,716 (2018 - £11,580,364) an increase of £1,162,352, (10%).

The company's gross margin percentage for the year was 27.6% (2018 - 26.6%). This was in line with the internal budgeted level.

Overheads levels are a key focus to ensure these fall in line with budgeted levels.

We are pleased to report a fall in all overhead categories for the second year in succession which is in line with the boards' plans. Distribution costs amounted to £2,386,734 (2018 - £2,705,453), a decreased of £318,719 (11.8%) on the previous financial year. Administrative expenses amounted to £7,611,421 (2018 - £8,018,630), a decrease from 2018 by £407,209.

Interest payable increased slightly on the previous financial year due to a re-categorisation of interest on our import loan facility.

We are pleased to report that in 2019 the company returned a net profit before taxation of £2,376,763.

The company recognises the importance of investing for the future in both infrastructure and plant and machinery.

Investment which slowed somewhat in 2018 as we consolidated, continued into our 2019 financial year. The total spend below continued to be replacement of vehicles in our fleet and also improvements to plant, where the board could reduce or control expenditure in these areas with investment into fixed assets.

Investment in fixed assets amounted to £465,072 (2018 - £591,020).

The company also invested a further £134,601 (2018 - £260,381) into regulatory and continued development of peracetic acid.

Stock as at 31st December 2019 was £3,351,393 (2018 - £3,573,270). The decrease, which is the second year in succession is in line with expectations and a result of the way in which we buy certain chemicals.

Trade debtors as at 31st December 2019 were £10,117,782 (2018 - £9,479,015) an increase of 6.7%. This is in line with the increased turnover. Within trade debtors is an amount due from a group company amounting to £2,565,404 (2018 - £3,170,678).

The company invests significant time and effort into working capital management. Robust debtor collection continues to be a key focus for the company.

We continue to minimise bad debts with the use of robust credit control procedures, there are exceptions however.

Airedale Chemical Company Limited (Registered number: 01149113)

**Strategic Report
for the Year Ended 31 December 2019**

Bad debts provided for or written off in the year amounted to £111,981 (2018 - £50,273)

Targets on trade debtor's collection time are in line with budget.

We continue to work closely with external financiers and the support given by our bank, HSBC is greatly appreciated by the board in allowing Airedale to reach their objectives.

OBJECTIVES

The objectives of the company are to bring financial stability over the next five years through retention of profits, control over cash flow and reduce debt.

We continue to build dedicated and trusting relationships with our customers, suppliers, staff and community.

STRATEGY

Airedale Chemical Company foundations are built on four core values. Relationships, innovation, trust and quality.

During the last 45 years we have built our industry renowned reputation using these four core values. We work hard to ensure our customers have complete trust in our people, our products and our services.

Company objectives are managed at board level through the implementation and control of strategic planning.

We constantly review and scrutinise all areas of the business to ensure a lean approach is adopted and controlled.

In recent years we have founded 'The Airedale Foundation' which is our commitment to Corporate Social Responsibility. Its objective has always been to develop links with our community which we have worked hard at through school links, apprenticeship schemes, placements, maintenance/funding support and donation schemes.

PRINCIPLE RISKS

The company manages credit risk by assessing each customer and applying credit limits using data from credit checking agencies. Limits are then reviewed on a regular basis by management to ensure the company minimises its exposure to possible over trading with companies seen to be a credit risk.

The company purchases chemicals and dyes in foreign currencies, and as such the company recognise exposure to currency rate fluctuations.

As a board we feel the pound will remain under pressure whilst 'Brexit' unfolds due to uncertainty it creates. The board have continued the strategy to de-risk and forward purchase currency to protect gross margin.

The company manages its exposure to exchange rate fluctuations by using various hedging methods.

OTHER KEY PERFORMANCE INDICATORS

We have continued to work closely with the Health and Safety Executive and environmental bodies to ensure obligations are met.

Airedale operates their quality system under ISO14001 and ISO9001-2015 standards, demonstrating our commitment to operate the business under a 'best practice' philosophy.

During the year we have continued to incur cost in continuing our commitments to REACH legislation. All our obligations are currently up to date

We have continued to incur cost under 'BPR' ensuring objectives are met to continue supply of products that fall under article 95.

ON BEHALF OF THE BOARD:



.....
C Thomson - Director

Date: 6 April 2020

Airedale Chemical Company Limited (Registered number: 01149113)

**Report of the Directors
for the Year Ended 31 December 2019**

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of manufacture and supply of dyestuffs and speciality chemicals.

DIVIDENDS

An interim dividend of 90.91 per share was paid on 30 December 2019. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2019 will be £1,000,000.

DIRECTORS

The directors during the year under review were:

B M Hall

J M Leighton

C Thomson

C J Chadwick

R M Wolff

D Fox

T Howell

D G Marr

- appointed 1.1.19

The directors holding office at 31 December 2019 did not hold any beneficial interest in the issued share capital of the company at 1 January 2019 (or date of appointment if later) or 31 December 2019.

The interest the directors hold in Airedale Chemical Holdings Limited is disclosed in the holding company accounts.

DISCLOSURE IN THE STRATEGIC REPORT

Information related to the review of the business, risks faced by the company and other key performance indicators are disclosed within the strategic report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Airedale Chemical Company Limited (Registered number: 01149113)

**Report of the Directors
for the Year Ended 31 December 2019**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, Stirk Lambert & Co, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
C Thomson - Director

Date: 6 April 2020

**Report of the Independent Auditors to the Members of
Airedale Chemical Company Limited**

Opinion

We have audited the financial statements of Airedale Chemical Company Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position, Statement of Cash Flows and Notes to the Statement of Cash Flows, 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 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, 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 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 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
Airedale Chemical Company Limited**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Richard Hudson FCA (Senior Statutory Auditor)
for and on behalf of Stirk Lambert & Co
Chartered Accountants
Statutory Auditors
Russell Chambers
61a North Street
Keighley
West Yorkshire
BD21 3DS

Date: 6 April 2020

Airedale Chemical Company Limited (Registered number: 01149113)

**Statement of Income and Retained Earnings
for the Year Ended 31 December 2019**

	Notes	31.12.19 £	31.12.18 £
TURNOVER	4	46,117,332	43,529,682
Cost of sales		<u>33,374,616</u>	<u>31,949,318</u>
GROSS PROFIT		12,742,716	11,580,364
Distribution costs		2,386,734	2,705,453
Administrative expenses		7,611,421	8,018,630
Tax scheme settlement		<u>-</u>	<u>5,247,204</u>
		<u>9,998,155</u>	<u>15,971,287</u>
OPERATING PROFIT/(LOSS)	6	2,744,561	(4,390,923)
Interest payable and similar expenses	8	<u>367,798</u>	<u>317,750</u>
PROFIT/(LOSS) BEFORE TAXATION		2,376,763	(4,708,673)
Tax on profit/(loss)	9	<u>214,106</u>	<u>(131,316)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		2,162,657	(4,577,357)
Retained earnings at beginning of year		1,892,285	6,469,642
Dividends	10	<u>(1,000,000)</u>	<u>-</u>
RETAINED EARNINGS AT END OF YEAR		<u><u>3,054,942</u></u>	<u><u>1,892,285</u></u>

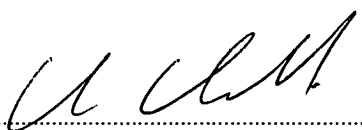
The notes form part of these financial statements

Airedale Chemical Company Limited (Registered number: 01149113)

**Statement of Financial Position
31 December 2019**

	Notes	31.12.19 £	31.12.18 £
FIXED ASSETS			
Intangible assets	11	1,198,860	1,301,740
Tangible assets	12	<u>4,965,103</u>	<u>5,116,910</u>
		6,163,963	6,418,650
CURRENT ASSETS			
Stocks	13	3,351,393	3,573,270
Debtors	14	12,431,372	11,866,880
Cash at bank and in hand		<u>905,430</u>	<u>412,292</u>
		16,688,195	15,852,442
CREDITORS			
Amounts falling due within one year	15	<u>16,684,154</u>	<u>16,116,418</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>4,041</u>	<u>(263,976)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,168,004	6,154,674
CREDITORS			
Amounts falling due after more than one year	16	<u>3,102,062</u>	<u>4,251,389</u>
NET ASSETS		<u><u>3,065,942</u></u>	<u><u>1,903,285</u></u>
CAPITAL AND RESERVES			
Called up share capital	20	11,000	11,000
Retained earnings	21	<u>3,054,942</u>	<u>1,892,285</u>
SHAREHOLDERS' FUNDS		<u><u>3,065,942</u></u>	<u><u>1,903,285</u></u>

The financial statements were approved by the Board of Directors on 6 April 2020 and were signed on its behalf by:



 C J Chadwick - Director

The notes form part of these financial statements

Airedale Chemical Company Limited (Registered number: 01149113)

**Statement of Cash Flows
for the Year Ended 31 December 2019**

	Notes	31.12.19 £	31.12.18 £
Cash flows from operating activities			
Cash generated from operations	1	1,725,541	2,922,655
Interest paid		(355,183)	(296,946)
Interest element of hire purchase payments paid		(12,615)	(20,804)
Tax paid		<u>50,193</u>	<u>(108,024)</u>
Net cash from operating activities		<u>1,407,936</u>	<u>2,496,881</u>
 Cash flows from investing activities			
Purchase of intangible fixed assets		(134,601)	(260,381)
Purchase of tangible fixed assets		(465,072)	(591,020)
Sale of tangible fixed assets		<u>16,625</u>	<u>152,820</u>
Net cash from investing activities		<u>(583,048)</u>	<u>(698,581)</u>
 Cash flows from financing activities			
Loan repayments in year		(269,164)	(1,243,878)
Net movement in other loans		(188,502)	(106,621)
Capital repayments in year		(16,515)	(148,278)
Amount introduced by directors		66,510	606,046
Amount withdrawn by directors		<u>(137,872)</u>	<u>(575,826)</u>
Net cash from financing activities		<u>(545,543)</u>	<u>(1,468,557)</u>
 Increase in cash and cash equivalents		<u>279,345</u>	<u>329,743</u>
Cash and cash equivalents at beginning of year	2	<u>(691,638)</u>	<u>(1,021,381)</u>
 Cash and cash equivalents at end of year	2	<u><u>(412,293)</u></u>	<u><u>(691,638)</u></u>

The notes form part of these financial statements

Airedale Chemical Company Limited (Registered number: 01149113)

**Notes to the Statement of Cash Flows
for the Year Ended 31 December 2019**

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.19	31.12.18
	£	£
Profit/(loss) before taxation	2,376,763	(4,708,673)
Depreciation charges	829,163	850,732
Loss/(profit) on disposal of fixed assets	8,572	(9,967)
Dividend paid	(1,000,000)	-
Finance costs	<u>367,798</u>	<u>317,750</u>
	2,582,296	(3,550,158)
Decrease in stocks	221,877	169,827
(Increase)/decrease in trade and other debtors	(523,450)	957,256
(Decrease)/increase in trade and other creditors	<u>(555,182)</u>	<u>5,345,730</u>
Cash generated from operations	<u><u>1,725,541</u></u>	<u><u>2,922,655</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	905,430	412,292
Bank overdrafts	<u>(1,317,723)</u>	<u>(1,103,930)</u>
	<u><u>(412,293)</u></u>	<u><u>(691,638)</u></u>

Year ended 31 December 2018

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	412,292	1,476,504
Bank overdrafts	<u>(1,103,930)</u>	<u>(2,497,885)</u>
	<u><u>(691,638)</u></u>	<u><u>(1,021,381)</u></u>

The notes form part of these financial statements

Airedale Chemical Company Limited (Registered number: 01149113)

**Notes to the Statement of Cash Flows
for the Year Ended 31 December 2019**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.19 £	Cash flow £	At 31.12.19 £
Net cash			
Cash at bank and in hand	412,292	493,138	905,430
Bank overdrafts	<u>(1,103,930)</u>	<u>(213,793)</u>	<u>(1,317,723)</u>
	<u>(691,638)</u>	<u>279,345</u>	<u>(412,293)</u>
Debt			
Finance leases	(359,942)	16,515	(343,427)
Debts falling due within 1 year	<u>(1,769,640)</u>	<u>216,207</u>	<u>(1,553,433)</u>
Debts falling due after 1 year	<u>(661,719)</u>	<u>241,459</u>	<u>(420,260)</u>
	<u>(2,791,301)</u>	<u>474,181</u>	<u>(2,317,120)</u>
Total	<u>(3,482,939)</u>	<u>753,526</u>	<u>(2,729,413)</u>

The notes form part of these financial statements

Airedale Chemical Company Limited (Registered number: 01149113)

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

1. STATUTORY INFORMATION

Airedale Chemical Company Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Preparation of consolidated financial statements

The financial statements contain information about Airedale Chemical Company Limited as an individual company. The company is exempt from the requirement to prepare group accounts because it is a subsidiary company only. The company is included within the consolidated accounts prepared by its parent company Airedale Chemical Holdings Limited a company registered in England.

Turnover

Turnover represents the amounts received or receivable for goods and services provided to customers, excluding VAT.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of ten years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on cost
Improvements to property	- 2% on cost
Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance

Stocks

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

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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 statement of financial position date.

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

3. ACCOUNTING POLICIES - continued

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

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

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 profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

Pension costs and other post-retirement benefits

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

Fixed asset investments

The company has adopted UK GAAP in relation to arriving at its stated profit after impairment of fixed assets.

Employer-financed retirement benefit scheme (EFRBS)

The company has established trusts for the benefit of employees and persons connected with them. Monies held in these trusts are held by independent trustees and managed at their discretion. The trustees are empowered to provide both retirement and other employee benefits.

Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the company are charged to the profit and loss account in the period to which they relate.

Where monies held in a trust are determined by the company on the basis of employees' past services to the business and are payable after completion of the employment, such monies are charged to the profit and loss account in the period during which services are rendered by employees.

Airedale Chemical Company Limited (Registered number: 01149113)

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

4. TURNOVER

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

An analysis of turnover by geographical market is given below:

	31.12.19	31.12.18
	£	£
United Kingdom	44,719,449	42,500,257
Other European Union Countries	1,290,550	1,015,837
ROW/Australasia	6,833	1,820
Non EU Countries	<u>100,500</u>	<u>11,768</u>
	<u><u>46,117,332</u></u>	<u><u>43,529,682</u></u>

5. EMPLOYEES AND DIRECTORS

	31.12.19	31.12.18
	£	£
Wages and salaries	4,449,601	5,179,518
Social security costs	423,845	559,830
Other pension costs	<u>172,324</u>	<u>134,215</u>
	<u><u>5,045,770</u></u>	<u><u>5,873,563</u></u>

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

	31.12.19	31.12.18
Management and Administration	23	27
Sales and Distribution Staff	40	43
Technical Staff	5	5
Production	<u>32</u>	<u>32</u>
	<u><u>100</u></u>	<u><u>107</u></u>

	31.12.19	31.12.18
	£	£
Directors' remuneration	<u><u>872,938</u></u>	<u><u>753,569</u></u>

Information regarding the highest paid director is as follows:

	31.12.19	31.12.18
	£	£
Emoluments etc	<u><u>253,333</u></u>	<u><u>436,679</u></u>

Airedale Chemical Company Limited (Registered number: 01149113)

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

6. OPERATING PROFIT/(LOSS)

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

	31.12.19	31.12.18
	£	£
Hire of plant and machinery	97,948	201,371
Other operating leases	203,237	188,096
Depreciation - owned assets	484,760	523,345
Depreciation - assets on hire purchase contracts	106,922	151,594
(Profit) / Loss on disposal of fixed assets	8,572	(9,967)
Patents and licenses amortisation	237,481	175,793
Auditors remuneration	16,000	16,000
Other general accounting & tax work	9,000	9,412
Research & Development	71,009	98,507
Foreign exchange loss /(profit)	<u>30,774</u>	<u>(121,630)</u>

Amounts paid to the auditors relating to other group companies are disclosed via the holding company financial statements.

7. EXCEPTIONAL ITEMS

	31.12.19	31.12.18
	£	£
Tax scheme settlement	<u>-</u>	<u>(5,247,204)</u>

As described more fully in the strategic report of the year ended 31 December 2018 the company previously appointed assets into an Employer Financed Retirement Benefit Scheme and Employee Benefit Trusts. A change in the underlying legal advice in May 2018 resulted in the directors taking the decision to seek settlement of the schemes with HMRC

Negotiations with HMRC were completed resulting in a one off profit and loss charge in the year to 31 December 2018 of £5,247,204. In addition a time to pay arrangement was agreed for payment of the outstanding liability over a period of 60 months.

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.19	31.12.18
	£	£
Bank interest	69,470	9,023
Bank loan interest	73,111	48,674
Interest on directors loans	5,845	15,221
Interest on pension scheme loan	7,551	4,013
Other interest	3,896	33,873
Mortgage interest	15,582	17,501
Invoice discounting interest charges	179,728	168,641
Hire purchase	<u>12,615</u>	<u>20,804</u>
	<u>367,798</u>	<u>317,750</u>

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

9. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	31.12.19 £	31.12.18 £
Current tax:		
UK corporation tax	403,199	10,987
Overprovision in previous year	<u>(189,093)</u>	<u>-</u>
Total current tax	214,106	10,987
Deferred tax	<u>-</u>	<u>(142,303)</u>
Tax on profit/(loss)	<u>214,106</u>	<u>(131,316)</u>

UK corporation tax has been charged at 19% (2018 - 19%).

Reconciliation of total tax charge/(credit) 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/(loss) before tax	<u>2,376,763</u>	<u>(4,708,673)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	451,585	(894,648)
Effects of:		
Expenses not deductible for tax purposes	13,247	938,231
Capital allowances in excess of depreciation	(48,141)	(4,261)
Research & Development	(13,492)	-
Group Loss Relief	-	(28,335)
Over/Under provision in earlier yrs	(189,093)	-
Deferred tax movement	<u>-</u>	<u>(142,303)</u>
Total tax charge/(credit)	<u>214,106</u>	<u>(131,316)</u>

10. DIVIDENDS

	31.12.19 £	31.12.18 £
Ordinary shares of £1 each		
Interim	<u>1,000,000</u>	<u>-</u>

Airedale Chemical Company Limited (Registered number: 01149113)

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

11. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 January 2019	1,614,356
Additions	<u>134,601</u>
At 31 December 2019	<u>1,748,957</u>
AMORTISATION	
At 1 January 2019	312,616
Amortisation for year	<u>237,481</u>
At 31 December 2019	<u>550,097</u>
NET BOOK VALUE	
At 31 December 2019	<u>1,198,860</u>
At 31 December 2018	<u>1,301,740</u>

Patent and licence costs relate to the costs of obtaining trade licences, and these costs are amortised over the useful life of the licence.

12. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Plant and machinery £
COST OR VALUATION			
At 1 January 2019	1,914,970	1,467,323	5,226,516
Additions	-	2,350	98,965
Disposals	<u>-</u>	<u>-</u>	<u>(29,845)</u>
At 31 December 2019	<u>1,914,970</u>	<u>1,469,673</u>	<u>5,295,636</u>
DEPRECIATION			
At 1 January 2019	202,340	285,395	3,797,904
Charge for year	33,300	33,683	312,244
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(19,454)</u>
At 31 December 2019	<u>235,640</u>	<u>319,078</u>	<u>4,090,694</u>
NET BOOK VALUE			
At 31 December 2019	<u>1,679,330</u>	<u>1,150,595</u>	<u>1,204,942</u>
At 31 December 2018	<u>1,712,630</u>	<u>1,181,928</u>	<u>1,428,612</u>

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

12. TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION			
At 1 January 2019	542,929	2,992,970	12,144,708
Additions	13,275	350,482	465,072
Disposals	-	(167,823)	(197,668)
At 31 December 2019	<u>556,204</u>	<u>3,175,629</u>	<u>12,412,112</u>
DEPRECIATION			
At 1 January 2019	482,155	2,260,004	7,027,798
Charge for year	20,196	192,259	591,682
Eliminated on disposal	-	(153,017)	(172,471)
At 31 December 2019	<u>502,351</u>	<u>2,299,246</u>	<u>7,447,009</u>
NET BOOK VALUE			
At 31 December 2019	<u>53,853</u>	<u>876,383</u>	<u>4,965,103</u>
At 31 December 2018	<u>60,774</u>	<u>732,966</u>	<u>5,116,910</u>

All tangible fixed assets have been pledged as security for bank lending.

Cost or valuation at 31 December 2019 is represented by:

	Freehold property £	Improvements to property £	Plant and machinery £
Valuation in 2006	567,804	-	-
Valuation in 2011	(810,438)	(260,641)	-
Cost	<u>2,157,604</u>	<u>1,730,314</u>	<u>5,295,636</u>
	<u>1,914,970</u>	<u>1,469,673</u>	<u>5,295,636</u>
	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 2006	-	-	567,804
Valuation in 2011	-	-	(1,071,079)
Cost	<u>556,204</u>	<u>3,175,629</u>	<u>12,915,387</u>
	<u>556,204</u>	<u>3,175,629</u>	<u>12,412,112</u>

Airedale Chemical Company Limited (Registered number: 01149113)

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

12. TANGIBLE FIXED ASSETS - continued

If Freehold property had not been revalued it would have been included at the following historical cost:

	31.12.19 £	31.12.18 £
Cost	<u>2,157,604</u>	<u>2,157,604</u>
Aggregate depreciation	<u>574,775</u>	<u>531,623</u>

Freehold property was valued on existing use value basis on 17 June 2016 by Knight Frank.

Improvements to property were also revalued at the same time on the same basis. If they had not been revalued they would have been included at the following historical cost:

	31.12.19 £	31.12.18 £
Cost	<u>1,730,315</u>	<u>1,727,963</u>
Aggregate depreciation	<u>531,629</u>	<u>497,023</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION				
At 1 January 2019	136,370	45,836	674,439	856,645
Additions	-	-	350,481	350,481
Transfer to ownership	-	<u>(45,836)</u>	<u>(188,080)</u>	<u>(233,916)</u>
At 31 December 2019	<u>136,370</u>	-	<u>836,840</u>	<u>973,210</u>
DEPRECIATION				
At 1 January 2019	39,139	27,861	303,948	370,948
Charge for year	18,487	3,595	84,840	106,922
Transfer to ownership	-	<u>(31,456)</u>	<u>(127,744)</u>	<u>(159,200)</u>
At 31 December 2019	<u>57,626</u>	-	<u>261,044</u>	<u>318,670</u>
NET BOOK VALUE				
At 31 December 2019	<u>78,744</u>	-	<u>575,796</u>	<u>654,540</u>
At 31 December 2018	<u>97,231</u>	<u>17,975</u>	<u>370,491</u>	<u>485,697</u>

13. STOCKS

	31.12.19 £	31.12.18 £
Raw materials & finished goods	<u>3,351,393</u>	<u>3,573,270</u>

All items of stock have been pledged as security for bank lending.

Airedale Chemical Company Limited (Registered number: 01149113)

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

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	31.12.19	31.12.18
	£	£
Trade debtors	10,117,782	9,479,015
Other debtors	1,777,320	2,045,169
Directors' current accounts	159,202	118,160
Prepayments	377,068	224,536
	<u>12,431,372</u>	<u>11,866,880</u>
 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	 31.12.19	 31.12.18
	£	£
Bank loans and overdrafts (see note 17)	2,744,101	2,597,978
Other loans (see note 17)	127,055	275,592
Hire purchase contracts (see note 18)	160,611	161,933
Trade creditors	4,811,415	5,834,560
Tax	353,889	89,590
Social security and other taxes	489,929	897,899
Tax scheme settlement	832,995	758,638
Invoice discounting accounts	4,947,626	4,386,019
Other creditors	290,321	-
Directors' current accounts	242,789	273,109
Accrued expenses	1,683,423	841,100
	<u>16,684,154</u>	<u>16,116,418</u>
 16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	 31.12.19	 31.12.18
	£	£
Bank loans (see note 17)	420,260	621,754
Other loans (see note 17)	-	39,965
Hire purchase contracts (see note 18)	182,816	198,009
Tax scheme settlement	2,498,986	3,391,661
	<u>3,102,062</u>	<u>4,251,389</u>
 17. LOANS		
An analysis of the maturity of loans is given below:		
	31.12.19	31.12.18
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	1,317,723	1,103,930
Bank loans	1,426,378	1,494,048
Other loans	127,055	275,592
	<u>2,871,156</u>	<u>2,873,570</u>

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

17. LOANS - continued

	31.12.19 £	31.12.18 £
Amounts falling due between one and two years:		
Bank loans	93,573	185,373
Other loans	-	22,452
	<u>93,573</u>	<u>207,825</u>
Amounts falling due between two and five years:		
Bank loans	96,788	189,478
Other loans	-	17,513
	<u>96,788</u>	<u>206,991</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>229,899</u>	<u>246,903</u>

The bank loans are repayable as follows:-

A Combined Limit Multi Currency Facility incorporating import loan with HSBC commencing September 2012, with no fixed repayment terms, facilities are repayable on demand. Interest is calculated at 2.75% over Bank of England base rate.

Term loan with HSBC commencing July 2014, repayable in monthly instalments over a period of ten years with interest payable at 2% over base rate.

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.12.19 £	31.12.18 £
Gross obligations repayable:		
Within one year	172,478	171,508
Between one and five years	<u>192,496</u>	<u>206,067</u>
	<u>364,974</u>	<u>377,575</u>
Finance charges repayable:		
Within one year	11,867	9,575
Between one and five years	<u>9,680</u>	<u>8,058</u>
	<u>21,547</u>	<u>17,633</u>
Net obligations repayable:		
Within one year	160,611	161,933
Between one and five years	<u>182,816</u>	<u>198,009</u>
	<u>343,427</u>	<u>359,942</u>

Airedale Chemical Company Limited (Registered number: 01149113)

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

18. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	31.12.19	31.12.18
	£	£
Within one year	193,311	227,296
Between one and five years	451,093	519,045
In more than five years	<u>326,250</u>	<u>356,250</u>
	<u>970,654</u>	<u>1,102,591</u>

19. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.19	31.12.18
	£	£
Bank overdrafts	1,317,723	1,103,930
Bank loans	1,846,638	2,115,802
Hire purchase contracts	<u>343,427</u>	<u>359,942</u>
	<u>3,507,788</u>	<u>3,579,674</u>

HSBC borrowings are secured by a Debenture comprising fixed and floating charges over all assets of the company.

First Legal Mortgage over the Freehold Property of Airedale Chemical Company Limited known as Airedale Mills, Skipton Road, Crosshills, Keighley dated 6 August 2012 in favour of HSBC.

Composite company unlimited multilateral guarantee dated 18 September 2013 given by Airedale Solutions Limited and Airedale Chemical Company Limited.

Hire Purchase creditors are secured on the assets to which the agreement relates.

Invoice discounting accounts are secured against the debtors ledger of the company.

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.12.19	31.12.18
			£	£
11,000	Ordinary	£1	<u>11,000</u>	<u>11,000</u>

21. RESERVES

	Retained earnings £
At 1 January 2019	1,892,285
Profit for the year	2,162,657
Dividends	<u>(1,000,000)</u>
At 31 December 2019	<u>3,054,942</u>

Airedale Chemical Company Limited (Registered number: 01149113)

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

22. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets are held separately from those of the company in a separately administered fund. During the year contributions of £172,324 were paid to the fund (2018: £134,215).

23. ULTIMATE PARENT COMPANY

Airedale Chemical Holdings Limited is regarded by the directors as being the company's ultimate parent company.

24. 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 £
C J Chadwick		
Balance outstanding at start of year	-	-
Amounts advanced	35,785	-
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>35,785</u>	<u>-</u>
J M Leighton		
Balance outstanding at start of year	70,560	63,115
Amounts advanced	9,058	13,185
Amounts repaid	(8,700)	(5,740)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>70,918</u>	<u>70,560</u>
R M Wolff		
Balance outstanding at start of year	47,600	53,353
Amounts advanced	30,000	36,000
Amounts repaid	(26,311)	(41,753)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>51,289</u>	<u>47,600</u>

Airedale Chemical Company Limited (Registered number: 01149113)

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

24. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES - continued

The company has received from the directors and from the Self Administered Pension Scheme the following loans :-

	Balance b/fwd £	Maximum balance in year £	Balance c/fwd £
C J Chadwick	31,021	31,021	0
B M Hall	242,088	241,765	241,765
Pension Scheme	71,820	71,820	0

The company pays a commercial rate of interest of 1.75% over the Bank of England base rate on all loans from directors and 3% over Bank of England base rate on loans from the Self Administered Pension Scheme.

During the year the company paid the following interest on loans to :-
£

Directors	5,845
Self Administered Pension Scheme	7,551

25. RELATED PARTY DISCLOSURES

The company has received the following loans from members of the directors families:

	Balance b/fwd £	Maximum balance in year £	Balance c/fwd £
L C Hall	7,130	7,130	6,766
D Chadwick	86,012	87,733	87,733
EJ Chadwick	4,042	4,042	2,188
EL Chadwick	138	141	141
DM Chadwick	9,136	14,165	14,165
JW Chadwick	75,680	75,680	0

The company pays a commercial rate of interest of 1.75% over the bank of England base rate on these loans. During the year the loans attracted interest of £3,896 (2018 - £7,622).

Information relating to J W Chadwick and D M Chadwick, being Directors' of the parent company, is disclosed within the accounts of Airedale Chemical Holdings Limited.

During the year the company made transactions on behalf of the Executors of B Chadwick (Deceased) which leaves a debtor balance of £Nil at 31 December 2019. (2018 : £491,515)

Transactions and balances relating to Airedale Solutions Limited and Rigest Trading Limited (being fellow subsidiaries) are disclosed via the consolidated accounts prepared by the holding company Airedale Chemical Holdings Limited.

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

26. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is the holding company Airedale Chemical Holdings Limited, which is registered in England. The registered office of Airedale Chemical Holdings Limited, is Airedale Mills, Skipton Road, Cross Hills, West Yorkshire, BD20 7BX.