

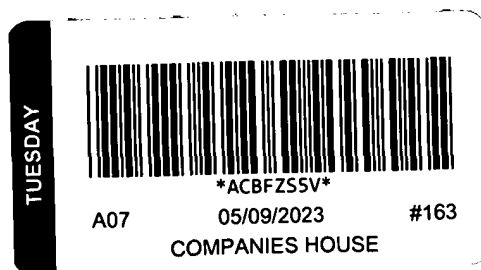
**Airedale Chemical Company  
Limited**

Annual Report and Financial Statements

Year Ended

31 December 2022

Company Number 01149113



# Airedale Chemical Company Limited

## Company Information

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<b>Directors</b>	C J Chadwick M Leighton C Thomson R M Wolff D Fox A J M Howell D G Marr R Ward
<b>Company secretary</b>	C Thomson
<b>Registered number</b>	01149113
<b>Registered office</b>	Airedale Mills Skipton Road Cross Hills Keighley West Yorkshire BD20 7BX
<b>Independent auditor</b>	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

# Airedale Chemical Company Limited

## Contents

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	Page
Strategic Report	1 - 4
Directors' Report	5 - 6
Directors' Responsibilities Statement	7
Independent Auditor's Report	8 - 11
Statement of Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15 - 37

# Airedale Chemical Company Limited

## Strategic Report For the Year Ended 31 December 2022

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The directors present their strategic report on the company for the year ended 31 December 2022.

During the year the principal activity of the company was the manufacture and supply of speciality chemicals.

### **Business review**

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 and financial position for the year given the increase in turnover and profitability. The company is forecast to continue to be profitable in 2023.

### **Principal risks and uncertainties**

#### **Credit Risk**

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.

#### **Foreign Exchange**

The company purchases chemicals and dyes in foreign currencies, and as such the company recognise exposure to currency rate fluctuations. The company have continued to adopt a strategy to forward purchase currency to minimise foreign currency rate fluctuations.

The board have continued the strategy to de-risk and forward purchase currency to protect gross margin.

#### **Liquidity risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The main risk arising from financial instruments is liquidity risk and in this respect cash flow is monitored by the directors on a regular basis. Bank balances are structured to enable cash to be available when required.

#### **Economic and political disruption**

Several economic and political pressures have the potential to have an impact on businesses including the conflict in the Ukraine, inflationary pressures and increases in the cost of living. We haven't seen a negative impact of the conflict in Ukraine on trade with our diverse product offering across a range of sectors supporting growth. However, we are not complacent and are continually reviewing our operations. When the conflict started in the Ukraine, we carried out a review of our supply chain and identified no significant exposure to Ukraine or Russia through our operations. We continue to closely monitor increasing energy prices, availability of products and the potential impact on supply chain costs.

Inflationary pressures in the United Kingdom and the rest of Europe have intensified significantly in 2022. Forecasts anticipate costs will continue to grow into and during 2023. The current business outlook shows that there is still a high demand for products we offer and changes to the economic environment could continue to increase this demand. We are structured well to optimise these opportunities and continue to review our cost / spend to ensure we run lean. We remain focused on supporting our teams during this period of rising costs.

# Airedale Chemical Company Limited

## Strategic Report (continued) For the Year Ended 31 December 2022

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### Financial key performance indicators

#### Statement of Comprehensive Income

Key Performance Indicators (KPIs) are Turnover, gross margin and EBITDA (earnings before interest, tax, depreciation and amortisation).

Turnover for the year ended 31 December 2022 was £137.7 million (2021 – £49.0 million) an increase of £88.7 million, 281% on the previous year.

Turnover is generated from sales to both domestic and overseas markets. Turnover generated from overseas markets was £39.4 million (2021 - £1.5 million).

Gross margin in the year amounted to £31 million (2021 - £15.1 million) an increase of £15.9 million, 205%. The social, political and economic volatility created a set of circumstances the chemical sector had never experienced before, and Airedale Group were well positioned to develop business during this period. The depth of our supplier and customer relationships increased during this period as we were able to provide products and services where many other companies could not. Significant daily changes in supply and demand required all of the management experiences Airedale Group had to navigate the uncertainty and provide reliable supplies to our customers. This is the Airedale model, and we continue to build on our strengths.

The company uses EBITDA to monitor the company's performance. EBITDA for 2022 was £15.3 million (2021 - £5.5 million). EBITDA consists of Operating Profit of £14.3 million (2021 - £4.6 million) adding back Depreciation of £0.7 million (2021 - £0.6 million) and amortisation of £0.3 million (2021 - £0.3 million).

#### Statement of Financial Position

Key Performance Indicators (KPIs) are Investment levels, Stock levels, debtor days (DSO) and liquidity.

Investment in fixed asset amounted to £1.1 million in the year (2021 - £1.2 million). We had forecast to higher levels of spend but disruption in supply chain delayed certain projects.

Stock levels are constantly monitored and controlled by management. Certain factors cause fluctuations in levels such as demand, pricing and market conditions affecting availability. In the later case we increase stock to protect customer demand and our service levels. Stock as at 31 December 2022 was £5.7 million (2021 - £3.8 million).

DSO reduced to 51 days from 56 days in 2021. Trade debtors as at 31 December 2022 was £15.8 million (2021 - £10.0 million) The increase in turnover caused trade debtor levels to increase. The company invests significant time into working capital management which is testament to the reduction in DSO.

The company continually monitors cashflow to ensure we convert EBITDA to cash efficiently and also to ensure the company has sufficient liquidity to meet the company's requirements. The company has an invoice discounting facility in place to give the company flexibility, however this was not in use at year end.

### Other key performance indicators

#### Health and Safety, Quality and Environmental

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 our commitments to REACH legislation.

# Airedale Chemical Company Limited

## Strategic Report (continued) For the Year Ended 31 December 2022

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### **Directors' statement of compliance with duty to promote the success of the Company**

Under section 172 (1) of the Companies Act 2006, the Board has a duty to act in a way that would be most likely to promote the success of the Company for the benefit of the shareholders and in doing so have regard to:

- a. The likely consequences of any decision in the long term;
- b. The interests of the Company's employees;
- c. The need to foster the Company's business relationships with suppliers, customers and others;
- d. The impact of the Company's operations on the community and the environment;
- e. The desirability of the Company maintaining a reputation high standards of business conduct; and
- f. The need to act fairly between members of the Company

As part of the Board's decision making and review process, the Directors consider the potential impact of decisions on all stakeholders and consider the key stakeholders to be:

#### ***Employees***

Our employees are our most important asset and maintaining a positive culture is important to the continued success of the Group. The Board regularly communicate the objectives and performance of the business and have frequent interactions with our staff on all matters relating to Health & Safety, Social and Environmental matters. The Board actively encourages suggestions from throughout the business on improvement ideas and fosters a cooperative and collaborative working environment.

#### ***Customers and suppliers***

We work closely with our customers and suppliers to develop collaborative and supportive relationships across all areas with a continual stream of improvement ideas to assist with improving business relationships both up and down the supply chain. We provide our customers with access to products from many different manufacturers and complement this supplier reach with value added services to support further growth and sustainability goals. The Group has strong relationships with both its customers and suppliers, built over many years of successful cooperation. The Board takes direct responsibility for many customer and supplier relationships which has delivered strong mutual benefits for all stakeholders and this will continue to be a focus area in the future.

#### ***Shareholders***

The Group communicates on a regular basis with its shareholders to ensure alignment with the objectives of the owners and to communicate on performance. The Board believes it has a good relationship with its shareholders and they support the objectives of the business. Following relevant engagement with Shareholders during the year, the Parent Company, Airedale Group Holdings Limited, issued share options to some shareholders and directors of the Group. Details of share options issued are included in the notes to these financial statements.

#### ***Local Community and Environment***

The Group places high importance on its role in the community and environment. In addition to ongoing direct investment in local initiatives such as providing and maintaining defibrillators in the local area, we also commit time to support local schools and charities. The Board has directly supported members of staff in fundraising and sponsorship and encourages employees in other activities in support of good causes. The Board has also invested in external support to develop, implement and manage its ESG strategy which will enhance the Group's role in this area and continue to support the protection of and improvement of the environment.

#### ***Business Standards***

The Board is committed to ensuring the business and its employees act in a responsible manner and maintain the highest standards of conduct. During the year, policies have been regularly reviewed and communicated to support this commitment.

# Airedale Chemical Company Limited

## Strategic Report (continued) For the Year Ended 31 December 2022

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### Directors' statement of compliance with duty to promote the success of the Company (continued)

#### *Events in the year*

Following relevant engagement with Shareholders during the year, the Parent Company, Airedale Group Holdings Limited, issued share options to some shareholders and directors of the Group. Details of share options issued are included in the notes to these financial statements.

This report was approved by the board on 1 September 2023 and signed on its behalf.

DocuSigned by:  
  
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**C Thomson**  
Director

# Airedale Chemical Company Limited

## Directors' Report For the Year Ended 31 December 2022

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The directors present their report and the audited financial statements for the year ended 31 December 2022.

### Principal activity

The principal activity of the Company is the manufacture and supply of specialty chemicals and dyestuffs.

### Results and dividends

The profit for the year, after taxation, amounted to £11,138,775 (2021 - £3,923,882).

During the year the Company paid dividends of £6,683,688 (2021 - £1,118,357). The directors do not recommend the payment of a final dividend (2021 - £Nil).

### Directors

The directors who served during the year were:

C J Chadwick  
M Leighton  
C Thomson  
R M Wolff  
D Fox  
A J M Howell  
D G Marr  
R Ward (appointed 7 November 2022)  
B M Hall (resigned 22 January 2022)

### Going concern

The Company remains optimistic about its resilience and ability to continue to deliver strong operating profits and positive cash flows. Furthermore, the strength of the Company's balance sheet and the significant levels of headroom within financing facilities mean the Company is well placed to deal with any adverse market scenarios that may arise. The Airedale Group produces regular forecasts, which include review by the Board of Director's performed on a quarterly basis of current trading conditions; and has concluded that sufficient headroom exists within the current facilities. The facilities in place are due for renewal in March 2024, though the use of facilities is not expected to have a significant impact on forecasted headroom of the Company.

There have been no significant changes in the Company's principal activities in the year under review, and the Directors believe the business is ideally placed to fully realise its growth potential in the coming years.

At the time of preparing and date of approving these financial statements the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future for a period for at least twelve months. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

### Research and development activities

The Company is engaged in research and development projects to support products supplied to our existing customer base and also in the development of new products as part of our ongoing strategy. The company expensed £539,153 (2021 - £339,061) to the Income statement in the year ended 31 December 2022.

### Greenhouse gas emissions, energy consumption and energy efficiency action

The Company has taken the exemption available to subsidiary companies not to disclose information in respect of greenhouse gas emissions, energy consumption and energy efficiency action given this is disclosed in the consolidated financial statements of the ultimate parent company, Airedale Group Holdings Limited.



# Airedale Chemical Company Limited

## Directors' Report (continued) For the Year Ended 31 December 2022

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### Matters covered in the Strategic Report

Disclosures required under S416(4) of the Companies Act 2006 are commented upon in the Strategic Report as the directors consider them to be of strategic importance to the Group.

### Disclosure of information to auditor


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

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

### Auditor

BDO LLP were appointed as auditors during the year. They will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 1 September 2023 and signed on its behalf.

DocuSigned by:  
  
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**C Thomson**  
Director

# **Airedale Chemical Company Limited**

## **Directors' Responsibilities Statement For the Year Ended 31 December 2022**

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

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

In preparing these financial statements, the directors are required to:

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

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

# **Airedale Chemical Company Limited**

## **Independent Auditor's Report to the Members of Airedale Chemical Company Limited**

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### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 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.

We have audited the financial statements of Airedale Chemical Company Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

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.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

# **Airedale Chemical Company Limited**

## **Independent Auditor's Report to the Members of Airedale Chemical Company Limited (continued)**

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### **Other information**

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### **Other Companies Act 2006 reporting**

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

### **Responsibilities of directors**

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

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

# Airedale Chemical Company Limited

## Independent Auditor's Report to the Members of Airedale Chemical Company Limited (continued)

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### Auditor's responsibilities for the audit of the financial statements

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

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

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

#### *Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be in revenue in relation to year end cut off, management override of controls, sales credit notes, existence of trade debtors and accuracy of payroll expense.

Our procedures in respect of the above included:

- Cut off of revenue recognition - Testing a sample of revenue transactions around the year end to third party delivery documentation, as well as review of manual journal entries posted to revenue nominal accounts.
- Management override of controls - Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation. In addition, we reviewed for possible bias in key accounting estimates.
- Sales credit notes – Testing a sample of credit notes raised during the year, and for a period after the year end, to ensure they have been raised appropriately.
- Existence of trade debtors - Testing a sample of trade debtor balances to third party delivery documentation.
- Accuracy of payroll expense – Testing included agreeing a sample of employees to relevant signed employment contracts, agreeing payroll costs in the year to evidence of payment, checking payroll deductions have been calculated correctly and reviewing payroll data for any instances of duplicate entries.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

# Airedale Chemical Company Limited

## Independent Auditor's Report to the Members of Airedale Chemical Company Limited (continued)

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### Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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

DocuSigned by:  
*Neil Ebdon*  
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**Neil Ebdon** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Leeds  
United Kingdom  
01 September 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Airedale Chemical Company Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	137,652,436	48,993,345
Cost of sales		(106,670,249)	(33,870,312)
<b>Gross profit</b>		<b>30,982,187</b>	<b>15,123,033</b>
Distribution costs		(3,428,424)	(2,851,048)
Administrative expenses		(12,461,830)	(7,689,164)
Other operating income		-	5
Share based payment charge	24	(777,895)	-
<b>Operating profit</b>	5	<b>14,314,038</b>	<b>4,582,826</b>
Interest receivable and similar income	9	3,447	7,200
Interest payable and similar expenses	10	(260,939)	(198,871)
<b>Profit before tax</b>		<b>14,056,546</b>	<b>4,391,155</b>
Tax on profit	11	(2,917,771)	(467,273)
<b>Profit for the financial year</b>		<b>11,138,775</b>	<b>3,923,882</b>

There was no other comprehensive income for 2022 (2021 - £Nil).

The notes on pages 15 to 37 form part of these financial statements.

**Airedale Chemical Company Limited**  
Registered number:01149113

**Statement of Financial Position**  
**As at 31 December 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	13	802,067	881,450
Tangible assets	14	9,104,346	7,168,476
		<u>9,906,413</u>	<u>8,049,926</u>
<b>Current assets</b>			
Stocks	15	5,688,457	3,762,019
Debtors: amounts falling due within one year	16	17,725,273	12,961,765
Cash at bank and in hand		7,305,726	12,826
		<u>30,719,456</u>	<u>16,736,610</u>
Creditors: amounts falling due within one year	17	(25,362,360)	(14,597,464)
<b>Net current assets</b>		<u>5,357,096</u>	<u>2,139,146</u>
<b>Total assets less current liabilities</b>		<u>15,263,509</u>	<u>10,189,072</u>
Creditors: amounts falling due after more than one year	18	(2,115,918)	(2,482,047)
<b>Provisions for liabilities</b>			
Deferred tax		(207,584)	-
		<u>(207,584)</u>	<u>-</u>
<b>Net assets</b>		<u>12,940,007</u>	<u>7,707,025</u>
<b>Capital and reserves</b>			
Called up share capital	22	11,000	11,000
Capital contribution reserve	23	777,895	-
Profit and loss account	23	12,151,112	7,696,025
<b>Total equity</b>		<u>12,940,007</u>	<u>7,707,025</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 September 2023.

DocuSigned by:  
  
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**C Thomson**  
 Director

The notes on pages 15 to 37 form part of these financial statements.



# Airedale Chemical Company Limited

## Statement of Changes in Equity For the Year Ended 31 December 2022

	Called up share capital £	Capital contribution reserve £	Profit and loss account £	Total equity £
At 1 January 2022	11,000	-	7,696,025	7,707,025
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	11,138,775	11,138,775
<b>Total comprehensive income for the year</b>	-	-	11,138,775	11,138,775
<b>Contributions by and distributions to owners</b>				
Dividends: Equity capital	-	-	(6,683,688)	(6,683,688)
Share based payment movement	-	777,895	-	777,895
<b>Total transactions with owners</b>	-	777,895	(6,683,688)	(5,905,793)
<b>At 31 December 2022</b>	<b>11,000</b>	<b>777,895</b>	<b>12,151,112</b>	<b>12,940,007</b>

## Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2021	11,000	4,890,500	4,901,500
<b>Comprehensive income for the year</b>			
Profit for the year	-	3,923,882	3,923,882
<b>Total comprehensive income for the year</b>	-	3,923,882	3,923,882
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital	-	(1,118,357)	(1,118,357)
<b>Total transactions with owners</b>	-	(1,118,357)	(1,118,357)
<b>At 31 December 2021</b>	<b>11,000</b>	<b>7,696,025</b>	<b>7,707,025</b>

The notes on pages 15 to 37 form part of these financial statements.

# Airedale Chemical Company Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 1. General information

Airedale Chemical Company Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activities are set out in the Directors' Report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

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

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

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

The following principal accounting policies have been applied:

#### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Airedale Group Holdings Limited as at 31 December 2022 and these financial statements may be obtained from Airedale Mills, Skipton Road, Crosshills, Keighley, West Yorkshire, BD20 7BX.

# Airedale Chemical Company Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.3 Going concern

The Company remains optimistic about its resilience and ability to continue to deliver strong operating profits and positive cash flows. Furthermore, the strength of the Company's balance sheet and the significant levels of headroom within financing facilities mean the Company is well placed to deal with any adverse market scenarios that may arise. The Airedale Group produces regular forecasts, which include review by the Board of Directors performed on a quarterly basis of current trading conditions; and has concluded that sufficient headroom exists within the current facilities. The facilities in place are due for renewal in March 2024, though the use of facilities is not expected to have a significant impact on forecasted headroom of the Company.

There have been no significant changes in the Company's principal activities in the year under review, and the Directors believe the business is ideally placed to fully realise its growth potential in the coming years.

At the time of preparing and date of approving these financial statements the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future for a period for at least twelve months. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 2.4 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is GBP.

##### Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

# **Airedale Chemical Company Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2022**

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

#### **2.5 Turnover**

Turnover is the amount derived from the provision of goods falling within the Company's ordinary activities, excluding estimated and actual sales returns, customer rebates, value added tax and similar sales taxes. Turnover from the provision of goods is recognised when the risks and rewards of ownership of goods have been transferred to the customer. The risks and rewards of ownership of goods are deemed to have been transferred to the customer when the goods are delivered to, or are picked up by, the customer for UK based sales. For overseas based sales, the risk and rewards of ownership are deemed to have been transferred based upon relevant incoterms.

#### **2.6 Pensions**

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

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

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

#### **2.7 Operating leases: the Company as lessee**

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

#### **2.8 Research and development**

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

#### **2.9 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

#### **2.10 Finance costs**

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

#### **2.11 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

# Airedale Chemical Company Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.12 Share-based payments

##### Equity-settled

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

The shares options issued are over the Parent Company's (Airedale Group Holdings Limited) shares. Where options are issued by one group entity for settlement in its own shares, and these options are granted to employees of a subsidiary entity, the issuing entity recognises the charge as an increase in cost of investment, while the subsidiary recognised this as a capital contribution in the Statement of Changes in Equity.

#### 2.13 Current and deferred taxation

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

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

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

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

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

# Airedale Chemical Company Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.14 Intangible assets

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

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

#### 2.15 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

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

Assets under construction are not depreciated.

#### 2.16 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### 2.17 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving items.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Intermediate bulk containers ("IBC's") are used in the business to transport certain chemicals to customers. Dependent on the type of chemical the directors are uncertain of the estimated useful life. The directors have taken the prudent approach to write off IBCs in full in the year they are purchased.

# Airedale Chemical Company Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.18 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 2.20 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

#### 2.22 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

# **Airedale Chemical Company Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2022**

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

#### **2.22 Financial instruments (continued)**

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **2.23 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.



# Airedale Chemical Company Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the reported amounts of revenues and expenses during the reporting period.

In preparing these financial statements, the directors have made the following judgements

- Determined whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty:

#### **Tangible fixed assets (see note 14)**

Tangible fixed assets are depreciated over their useful 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 innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

#### **Share based payments (see note 24)**

The Parent Company, Airedale Group Holdings Limited, granted new share options during the year to certain employees of the Company (Airedale Chemical Company Limited). These are fair valued at the grant date, and the resultant share based payment expense is spread over the expected vesting period of the instruments.

The key judgements in this calculation are the grant date share price and the share option vesting period, which are discussed below. All other factors had limited bearing on the option valuation. In respect of the share based payment expense to be recognised the key judgement, other than the option valuation and the vesting period, is the vesting percentage which is also discussed below.

#### *Grant date share price*

For the purposes of valuing share options granted during the year, the Parent Company was required to determine the underlying share price at each option grant date. This was determined based on the Group's estimated Equity Value, which was calculated using assumptions including the Group's 4 year historical weighted average EBITDA and a relevant earnings. The multiple applied was determined with reference to recent market transactions in comparable sectors.

#### *Share option vesting period*

Option-holders will normally only be able to exercise their options in connection with certain "exit events". These exit events include a "share sale" (i.e. where a purchaser acquires a sufficient number of the Parent Company's shares to acquire control of the Parent Company) or a "listing" (i.e. where the shares of the Parent Company are listed on a stock exchange). The Parent Company considers 4 years from 31 December 2022 to represent a reasonable vesting period for the purposes of the share option valuation in the financial statements. This period coincides with the Parent Company's key investors' typical investment horizons.

# Airedale Chemical Company Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 3. Judgements in applying accounting policies (continued)

#### *Share option vesting percentage*

The share based payments charge for the year was calculated based on the percentage of share options expected to ultimately vest. This percentage was estimated with reference to employee option-holder attrition rates.

### 4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	98,246,909	47,462,721
EU European countries	37,111,048	757,929
Rest of the world	215,464	195,345
Non EU European countries	2,079,015	577,350
	<u>137,652,436</u>	<u>48,993,345</u>

### 5. Operating profit

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

	2022 £	2021 £
Research & development charged as an expense	539,153	339,061
Depreciation - owned assets	570,539	472,335
Depreciation - assets under hire purchase contracts	194,366	165,897
Loss/(profit) on disposal of fixed assets	174,101	(41)
Patents and licences amortisation	264,744	281,691
Exchange differences	326,164	(5)
Other operating lease rentals	<u>258,647</u>	<u>174,924</u>

# Airedale Chemical Company Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 6. Auditor's remuneration

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	50,000	18,000

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

### 7. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	7,634,502	4,762,096
Social security costs	578,562	433,345
Cost of defined contribution scheme	279,896	192,110
	8,492,960	5,387,551

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

	2022 No.	2021 No.
Management and Administration	39	37
Sales and Distribution staff	31	28
Technical staff	6	3
Production	40	32
	116	100

# Airedale Chemical Company Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	1,575,035	1,028,395
Company contributions to defined contribution pension schemes	143,750	134,066
	<u>1,718,785</u>	<u>1,162,461</u>

During the year retirement benefits were accruing to 7 directors (2021 - 7) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £1,478,833 (2021 - £208,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2021 - £Nil).

### 9. Interest receivable

	2022 £	2021 £
Bank interest receivable	<u>3,447</u>	<u>7,200</u>

### 10. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	25,221	15,889
Bank loan interest payable	79,591	24,295
Interest on directors loans	10,000	11,093
Mortgage interest payable	14,497	20,310
Finance leases and hire purchase contracts	29,337	35,240
Invoice discounting interest charges	102,293	92,044
	<u>260,939</u>	<u>198,871</u>

# Airedale Chemical Company Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 11. Taxation

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	2,786,352	629,363
Adjustments in respect of previous periods	(76,165)	(162,090)
	<u>2,710,187</u>	<u>467,273</u>
<b>Total current tax</b>	<u>2,710,187</u>	<u>467,273</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(114,783)	-
Adjustments in respect of previous periods	322,367	-
	<u>207,584</u>	<u>-</u>
<b>Total deferred tax</b>	<u>207,584</u>	<u>-</u>
<b>Taxation on profit</b>	<u>2,917,771</u>	<u>467,273</u>

# Airedale Chemical Company Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 11. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit before tax	<b>14,056,546</b>	4,391,155
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<b>2,670,744</b>	834,319
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>33,548</b>	185,630
Fixed asset timing differences	-	(283,842)
Research and development	<b>(76,000)</b>	(38,000)
Adjustments to tax charge in respect of prior periods	<b>(76,165)</b>	(164,328)
Adjustments to deferred tax charge in respect of prior periods	<b>322,367</b>	-
Patent box	<b>(3,800)</b>	(5,700)
New structure and building allowance	<b>(38,198)</b>	(4,797)
Other timing differences	-	(56,009)
Remeasurement of deferred taxes for change in tax rate	<b>65,480</b>	-
Ineligible depreciation	<b>19,795</b>	-
<b>Total tax charge for the year</b>	<b>2,917,771</b>	467,273

### 12. Dividends

	2022 £
Interim dividends paid on 30 June 2022 of £45.4546 per Ordinary share	<b>500,000</b>
Interim dividends paid on 30 June 2022 of £90.0830 per G1 growth share	<b>990,913</b>
Interim dividends paid on 30 September 2022 of £22.7273 per A and B Ordinary shares	<b>250,001</b>
Interim dividends paid on 30 September 2022 of £36.7045 per G1 growth share	<b>403,750</b>
Interim dividends paid on 31 October 2022 of £163.6364 per B Ordinary share	<b>1,800,000</b>
Interim dividends paid on 31 December 2022 of £22.7273 per A and B Ordinary shares	<b>250,001</b>
Interim dividends paid on 31 December 2022 of £44.4318 per G1 growth share	<b>488,750</b>
Final dividends paid on 31 December 2022 of £181.8430 per A and B Ordinary shares	<b>2,000,273</b>
	<b>6,683,688</b>

# Airedale Chemical Company Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 13. Intangible assets

	Patents and licences £
<b>Cost</b>	
At 1 January 2022	1,982,486
Additions	185,361
At 31 December 2022	<u>2,167,847</u>
<b>Amortisation</b>	
At 1 January 2022	1,101,036
Charge for the year	264,744
At 31 December 2022	<u>1,365,780</u>
<b>Net book value</b>	
At 31 December 2022	<u>802,067</u>
At 31 December 2021	<u>881,450</u>

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

## Airedale Chemical Company Limited

### Notes to the Financial Statements For the Year Ended 31 December 2022

#### 14. Tangible fixed assets

	Freehold property £	Improvements to property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Assets under construction £	Total £
<b>Cost</b>							
At 1 January 2022	2,687,122	2,819,815	6,079,181	3,159,229	270,751	-	15,016,098
Additions	1,192	265,818	522,485	298,783	19,487	1,817,077	2,924,842
Disposals	-	(212,462)	(1,631,333)	(166,285)	-	-	(2,010,080)
At 31 December 2022	<u>2,688,314</u>	<u>2,873,171</u>	<u>4,970,333</u>	<u>3,291,727</u>	<u>290,238</u>	<u>1,817,077</u>	<u>15,930,860</u>
<b>Depreciation</b>							
At 1 January 2022	319,420	416,188	4,636,108	2,328,504	147,402	-	7,847,622
Charge for the year	45,945	58,241	389,480	226,101	45,138	-	764,905
Disposals	-	(88,121)	(1,579,835)	(118,057)	-	-	(1,786,013)
At 31 December 2022	<u>365,365</u>	<u>386,308</u>	<u>3,445,753</u>	<u>2,436,548</u>	<u>192,540</u>	<u>-</u>	<u>6,826,514</u>
<b>Net book value</b>							
At 31 December 2022	<u>2,322,949</u>	<u>2,486,863</u>	<u>1,524,580</u>	<u>855,179</u>	<u>97,698</u>	<u>1,817,077</u>	<u>9,104,346</u>
At 31 December 2021	<u>2,367,702</u>	<u>2,403,627</u>	<u>1,443,073</u>	<u>830,725</u>	<u>123,349</u>	<u>-</u>	<u>7,168,476</u>



# Airedale Chemical Company Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 14. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £	2021 £
Improvements to property	192,417	196,431
Plant and machinery	96,235	48,448
Motor vehicles	626,116	522,089
IT equipment	43,725	-
	<u>958,493</u>	<u>766,968</u>

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

### 15. Stocks

	2022 £	2021 £
Raw materials and consumables	<u>5,688,457</u>	<u>3,762,019</u>

Impairment losses totalling £414,850 (2021 - £Nil) were recognised in profit and loss.

There is no material difference between the replacement cost of stock and the amounts presented above.

### 16. Debtors

	2022 £	2021 £
Trade debtors	14,402,656	9,984,186
Amounts owed by group undertakings	1,512,881	1,238,813
Other debtors	1,438,051	551,404
Directors' current accounts	-	100,425
Prepayments and accrued income	371,685	1,086,937
	<u>17,725,273</u>	<u>12,961,765</u>

The impairment loss recognised in profit or loss for the year in respect of bad and doubtful trade debtors was £144,000 (2021 - £144,000).

Amounts owed by group undertakings are interest free and repayable on demand.

# Airedale Chemical Company Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 17. Creditors: Amounts falling due within one year

	2022 £	2021 £
Invoice discounting accounts	-	2,077,833
Bank loans	212,508	205,965
Other loans	569,605	393,566
Obligations under finance lease and hire purchase contracts	341,968	286,433
Trade creditors	10,951,678	6,818,865
Amounts owed to group undertakings	299,958	-
Corporation tax	1,592,160	347,025
Other taxation and social security	3,823,367	1,251,824
Tax scheme settlement	832,995	832,995
Directors' current accounts	461,926	359,380
Accruals and deferred income	6,276,195	2,023,578
	<u>25,362,360</u>	<u>14,597,464</u>

Amounts owed to group undertakings are interest free and repayable on demand.

HSBC borrowings are secured by a Debenture comprising a fixed and floating charge over the assets of the Company.

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

### 18. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Bank loans	970,846	1,191,367
Obligations under finance leases and hire purchase contracts	381,493	457,685
Tax scheme settlement	763,579	832,995
	<u>2,115,918</u>	<u>2,482,047</u>

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

# Airedale Chemical Company Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 19. Loans and borrowings

Analysis of the maturity of loans is given below:

	2022 £	2021 £
<b>Amounts falling due within one year</b>		
Bank loans	212,508	205,965
Other loans	569,605	393,566
Invoice discounting accounts	-	2,077,833
	<b>782,113</b>	<b>2,677,364</b>
<b>Amounts falling due 1-2 years</b>		
Bank loans	217,592	212,897
<b>Amounts falling due 2-5 years</b>		
Bank loans	378,431	473,113
<b>Amounts falling due after more than 5 years</b>		
Bank loans	374,823	505,357
	<b>1,752,959</b>	<b>3,868,731</b>

The bank loans are repayable as follows:

- A Combined Limited 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 base rate.
- Term loan with HSBC commencing July 2014, repayable in monthly instalments over a period of 10 years with interest payable at 2% over base rate.
- Term loan with HSBC commencing April 2020, repayable in monthly instalments over a period of 10 years with interest payable at 3.35% over base rate.
- Term loan with HSBC commencing August 2020, repayable in monthly instalments over a period of 10 years with interest payable at 3.35% over base rate.
- Term loan with HSBC commencing October 2020, repayable in monthly instalments over a period of 10 years with interest payable at 3.35% over base rate.

Other loans relates to loans from members of the director families, which are included in Note 29.

Invoice discounting relates to a rolling facility with HSBC for amounts advanced in respect of discounted trade debtors.

# Airedale Chemical Company Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	341,968	286,433
Between 1-5 years	381,493	457,685
	<u>723,461</u>	<u>744,118</u>

### 21. Deferred taxation

	2022 £
At beginning of year	-
Charged to profit or loss	207,584
<b>At end of year</b>	<u><b>207,584</b></u>

The deferred taxation balance is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	402,058	-
Short term timing differences	(194,474)	-
	<u>207,584</u>	<u>-</u>

# Airedale Chemical Company Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 22. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
11,000 (2021 - 11,000) Ordinary shares of £1.00 each	<u>11,000</u>	<u>11,000</u>

### 23. Reserves

The Company holds the following reserves:

#### Share capital

Called up share capital represents the nominal value of the shares issued.

#### Capital contribution reserve

The capital contribution reserve represents contributions made by a parent company in relation to issuance of share-based options issued to employees of the Company.

#### Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 24. Share-based payments

During the year ended 31 December 2022 the Group issued 37,500 of new growth share options over class G1, G2, G3 and G4 shares of Airedale Group Holdings Limited to employees of the Company (Airedale Chemical Company Limited). As the Company does not have an obligation to settle the transaction with its employees, the share options are treated as equity settled and a corresponding capital contribution from the Parent Company is recorded.

The valuation of share options was determined using the option pricing method based on Monte Carlo model on grant date and the charge is being spread over the vesting period.

The share-based remuneration expense comprises:

	2022 £	2021 £
Equity-settled schemes	<u>777,895</u>	<u>-</u>

### 25. Contingent liabilities

The Company is part of a composite company unlimited multilateral guarantee dated 18 September 2013 given by Airedale Solutions Limited and the Company.

# Airedale Chemical Company Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 26. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £279,896 (2021 - £192,110). Contributions totalling £30,281 (2021 - £19,948) were payable to the fund at the reporting date and are included in creditors.

### 27. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	270,923	230,642
Later than 1 year and not later than 5 years	566,502	430,612
Later than 5 years	51,000	119,000
	<u>888,425</u>	<u>780,254</u>

### 28. Transactions with directors

The following loans to Directors subsisted during the years ended 31 December 2021 and 31 December 2022

	J M Leighton 2022 £	R M Wolff 2022 £	J M Leighton 2021 £	R M Wolff 2021 £
Balance outstanding at the start of the year	49,903	50,523	63,000	50,289
Amounts advanced	161,182	161,182	-	8,734
Amounts repaid	(231,579)	(221,579)	(13,097)	(8,500)
Balance outstanding at the end of the year	<u>(20,494)</u>	<u>(9,874)</u>	<u>49,903</u>	<u>50,523</u>

# Airedale Chemical Company Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 28. Transactions with directors (continued)

The Company has received the following loans from directors:

	Balance b/fwd £	Maximum balance in year £	Balance c/fwd £
C J Chadwick	359,380	359,380	189,029
M Leighton	-	20,494	20,494
C Thomson	-	60,396	60,396
R M Wolff	-	9,874	9,874
D Fox	-	60,396	60,396
A J M Howell	-	59,186	59,186
D G Marr	-	60,396	60,396

Interest on directors' loans is charged at 2.5% per annum. During the year the Company paid interest on directors' loans of £Nil (2021 - £2,743).

# Airedale Chemical Company Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 29. Related party transactions

The Company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

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	5,893	241,737	235,855
D A Chadwick	89,487	90,697	90,697
D M Chadwick	19,141	19,141	-
J W Chadwick	26,698	26,698	-
R P Chadwick	-	243,054	243,054
B M Hall	241,068	241,068	-

The company pays a commercial rate of interest of 2.40% above bank of England base rate on these loans. During the year the loans attracted interest of £7,663 (2021 - £8,350).

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

JW Chadwick who is a member of the directors' families, has a loan due to the company at 31 December 2022 of £177,921 (2021 - £Nil).

DM Chadwick who is a member of the directors' families, has a loan due to the company at 31 December 2022 of £128,393 (2021 - £Nil).

RP Chadwick who is a member of the directors' families, has a loan due to the company at 31 December 2022 of £NIL (2021 - £339,005).

### 30. Controlling party

The Company's immediate and the ultimate parent company is Airedale Group Holdings Limited, a company registered in England and Wales. The registered office of Airedale Group Holdings Limited is Airedale Mills, Skipton Road, Crosshills, Keighley, West Yorkshire, BD20 7BX.

The largest and smallest group in which the results are consolidated is that headed by Airedale Group Holdings Limited. The consolidated accounts of the Company are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.