

# **Blagden Specialty Chemicals Limited**

Report and Financial Statements

Year Ended

31 December 2020

Company Number 03914333



# **Blagden Specialty Chemicals Limited**

## **Report and financial statements for the year ended 31 December 2020**

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# Blagden Specialty Chemicals Limited

## Directors and Advisors for the year ended 31 December 2020

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<b>Directors</b>	R G Turton (Managing) G W J Turton
<b>Company number</b>	03914333
<b>Registered office</b>	Osprey House Black Eagle Square Westerham Kent TN16 1PA
<b>Distribution Site</b>	14 Spitfire Road Triumph Trading Park Speke Hall Road Liverpool L24 9BF
<b>Accreditations</b>	COMAH Lower Tier ISO 9001:2015 CBA Responsible Care DGSA approved CareChem 24 scheme FEMAS
<b>Trade Associations</b>	Chemical Business Association Group House, Southmere Court, Electra Way, Crewe Business Park, Crewe, Cheshire, CW1 6GU  British Coatings Federation Ltd Westwood Way, Westwood Business Park, Coventry, CV4 8HS  British Association for Chemical Specialities The Exchange, Station Parade, Harrogate, HG1 1TS
<b>Auditors</b>	BDO LLP 55 Baker Street, London, W1U 7EU
<b>Bankers</b>	HSBC Bank PLC 5 <sup>th</sup> Floor, 70 Pall Mall, London, SW1Y 5EZ
<b>Insurance Brokers</b>	Arthur J Gallagher 34 Tower View, Kings Hill, West Malling, Kent, ME19 4UY
<b>Corporate Lawyers</b>	Cripps LLP Number 22, Mount Ephraim, Tunbridge Wells, TN4 8AS
<b>HR Lawyers</b>	Loch Associates Group Oxford House 15-17 Mount Ephraim Road, Tunbridge Wells, TN1 1EN

# **Blagden Specialty Chemicals Limited**

## **Directors' Report for the year ended 31 December 2020**

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The Directors present the Report together with the audited financial statements for the year ended 31<sup>st</sup> December 2020.

### **Statutory information contained elsewhere in the Report and Financial Statements**

Information required to be part of this Directors Report, can be found in the Strategic Report on page 5 relating to:

- a) events affecting the Company which have occurred since the end of the financial year.
- b) future developments in the business of the Company.

### **Results and Dividends**

The results for the year are set out on page 10.

Dividends paid during the year £524,000 (2019 - £1,526,000).

### **Principal Activities**

The principal activities of the Company are the sourcing and supply of a comprehensive range of specialty chemicals to key market sectors in the UK and Ireland and by representation of mainly overseas chemical manufacturers.

The Strategic Report on page 5 provides information regarding the review of the continued, principal risks, uncertainties and future development.

### **Financial Instruments**

The Company's principal funding instruments comprise bank balances, trade creditors and trade debtors. The Company has bank accounts denominated in foreign currencies and manages foreign currency contracts to reduce exposure to the variability of foreign exchange.

Credit risk and cash flow risk relating to trade debtors are managed by utilising services for the regular monitoring of credit terms and credit limits. Liquidity risk associated with trade creditors is managed by ensuring sufficient funds are available to meet liabilities as they fall due.

### **Directors' Indemnities**

Directors' and Officers' insurance cover has been established for all Directors' for a number of years to provide appropriate cover for their reasonable actions on behalf of the Company. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the 2020 financial year and remain in force for all current and past Directors and Officers of the Company.

# Blagden Specialty Chemicals Limited

## Directors' Report for the year ended 31 December 2020 (*continued*)

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### Directors

The Directors of the Company during the year were

R G Turton  
G W J Turton

### Going Concern


The Directors and senior management implemented their business continuity plans to deal with the COVID-19 pandemic. This included remote working of the key sales personnel and administrative staff, whilst the Distribution Centre remained fully staffed and working throughout the pandemic period. Returning to work at our offices was considered to be essential as soon as safely possible for the efficiency of our people's business which coped well during this period. A proportion of the Company's sales relate to essential business supplies in the pharmaceutical and medical fields. The Directors have increased the reporting requirements on the business, to analyse the impact and implement appropriate measures, and they hold the view that the Company has the ability to meet its financial obligations within twelve months from the date of this report.

### Auditor

The current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditor for the purposes of their audit and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditor is unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditor will be proposed at the next annual general meeting.

### On behalf of the Board



R G Turton

### Director

Date

# **Blagden Specialty Chemicals Limited**

## **Directors' responsibilities statement for the year ended 31 December 2020**

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The Directors are responsible for preparing the Directors' Report, the Strategic 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 year.

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

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

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

# **Blagden Specialty Chemicals Limited**

## **Strategic Report for the year ended 31 December 2020**

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### **Fair review of the Business**

Blagden acts as a specialist distributor carrying out the functions of global sourcing, technical promotion, sales and marketing, and warehousing and distribution of specialty chemicals. The key industry sectors include paint and coatings, plastics and polymers, industrial applicants, personal care, food and nutrition, medical and healthcare. The bespoke dry packaging and the blending of custom made solutions takes place at our Liverpool distribution site.

### **Principal risks and uncertainties**

The COVID-19 pandemic had a somewhat disruptive effect on the Company's business with some of its customers deciding to temporarily close their operations, furlough staff and go on short time working. The Company however has coped well, with all departments working throughout the pandemic and its warehouse and logistics centre kept fully operational to satisfy customers' needs. Business levels recovered quickly after a downturn in Q2 2020 and sales and margins showed significant resilience from August onwards.

The Company buys the majority of its purchases in Euros and is therefore at risk to exchange rate fluctuations. Forward purchase contracts are used to minimise this risk.

There is a growing risk that supply shortages globally may become serious during 2021 but the Company's business is in robust shape to withstand supply chain difficulties. The Company is taking measures to improve supply lines and to hold stock to support our customers.

The UK has left the EU with a Trade Agreement in place and the Company has put in place measures to mitigate risks for the UK and Ireland.

As always there is the possibility of the loss of a key supply partner through strategic changes of consolidation and acquisition.

### **Analysis of the development and performance of the business**

Trading performance in 2020 remained strong with the Company taking on new business. New business development is a key element of our strategy and positive results are being seen from our efforts to introduce new products and new sources of supply to complement our existing product ranges for our core market sectors and for new markets.

We continue to strive for improvements to our business processes and customer service. Now with upgraded ERP software and a new CRM implementation in 2021, business performance is expected to continue to improve.

### **Analysis of the position of the business**

Sales revenues were down slightly on the previous year, due to weaker demand, particularly in Q2 2020 but margins have been improved.

Our business model and finances continue to be resilient.

# Blagden Specialty Chemicals Limited

## Strategic Report for the year ended 31 December 2020 (Continued)

### Key Performance Indicators

	2020	2019
Stocks/Cost of sales %	11.3%	13.3%
Debtors/Sales %	16.5%	14.4%
Creditors/Cost of sales %	20.2%	13.0%
Net current assets/Sales %	35.6%	28.9%
Stock turnover in calendar days	41.1 days	48.6 days
Trade debtors in calendar days	60.1 days	52.6 days
Trade creditors in calendar days	73.7 days	47.4 days
Gross margin	23.1%	21.6%
EBITDA/Sales %	6.8%	5.9%
Profit before interest and tax/Net current assets %	17.4%	18.2%

Key ratios are monitored on a regular basis to ensure focus is placed on managing the Company assets.

### On behalf of the Board



R G Turton  
Director

Date

# **Blagden Specialty Chemicals Limited**

## **Independent auditor's report**

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### **Independent auditor's report to the members of Blagden Specialty Chemicals Limited**

#### **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 2020 and of the Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Blagden Specialty Chemicals Limited (the 'Company') for the year ended 31 December 2020 which comprise Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows 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 and the Parent 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.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the 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.

# Blagden Specialty Chemicals Limited

## Independent auditor's report (*Continued*)

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

### Responsibilities of Directors

As explained more fully in the 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.

# Blagden Specialty Chemicals Limited

## Independent auditor's report (*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.

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: [www.frc.org.uk/auditorsresponsibilities](http://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's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

*Matt Crane*

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Matt Crane (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor  
55 Baker Street, London, UK

31 August 2021

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

# Blagden Specialty Chemicals Limited

## Statement of comprehensive income for the year ended 31 December 2020

	Note	2020 £	2019 £
<b>Turnover</b>	3	22,493,588	25,394,041
Cost of sales		(17,298,203)	(19,916,528)
<b>Gross profit</b>		5,195,385	5,477,513
Administrative expenses		(3,800,261)	(4,137,418)
<b>Operating profit</b>	6	1,395,124	1,340,095
Interest receivable and other income	7	27	-
Interest payable and similar charges	7	-	(395)
<b>Profit on ordinary activities before taxation</b>		1,395,151	1,339,700
Taxation on profit from ordinary activities	8	(286,572)	(260,731)
<b>Total comprehensive income for the financial year attributable to the owners of the Company</b>		1,108,579	1,078,969
Dividends received		-	-
Dividends paid		(524,000)	(1,526,000)

All amounts relate to continuing activities.

All recognised gains and losses are included in the statement of comprehensive income.

The notes on pages 14 to 23 form part of these financial statements.

# Blagden Specialty Chemicals Limited

## Statement of financial position as at 31 December 2020

<b>Company number 03914333</b>	<b>Note</b>	<b>2020 £</b>	<b>2020 £</b>	<b>2019 £</b>	<b>2019 £</b>
<b>Fixed assets</b>					
Intangible assets	9		10,645		11,839
Tangible assets	10		364,165		445,198
<b>Current assets</b>					
Stocks	11	1,947,709		2,654,459	
Debtors	12	7,483,612		7,159,355	
Cash at bank		5,286,462		2,131,358	
		14,717,783		11,945,172	
<b>Creditors: amounts falling due within one year</b>	13	6,704,263		4,598,458	
<b>Net current assets</b>			8,013,520		7,346,714
<b>Net assets</b>			8,388,330		7,803,751
<b>Capital and reserves</b>					
Called up share capital	15		37,500		37,500
Share premium account			37,500		37,500
Profit and loss account			8,313,330		7,728,751
<b>Shareholders' funds</b>			8,388,330		7,803,751

The financial statements were approved by the Board of Directors and authorised for issue on



R G Turton  
Director

The notes on pages 14 to 23 form part of these financial statements.

## Blagden Specialty Chemicals Limited

### Statement of changes in equity for the year ended 31 December 2020

	Share capital £	Share premium £	Profit and loss account £	Total equity £
<b>1 January 2019</b>	37,500	37,500	8,175,782	8,250,782
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,078,969	1,078,969
<b>Total comprehensive income</b>	37,500	37,500	9,254,751	9,329,751
<b>Contributions by and distribution to owners</b>				
Dividends	-	-	(1,526,000)	(1,526,000)
<b>Total transactions with owners</b>	37,500	37,500	(1,526,000)	(1,526,000)
<b>31 December 2019</b>	37,500	37,500	7,728,751	7,803,751
	Share capital £	Share premium £	Profit and loss account £	Total equity £
<b>1 January 2020</b>	37,500	37,500	7,728,751	7,803,751
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,108,579	1,108,579
<b>Total comprehensive income for the year</b>	37,500	37,500	1,108,579	1,108,579
<b>Contributions by and distribution to owners</b>				
Dividends	-	-	(524,000)	(524,000)
<b>Total transactions with owners</b>	37,500	37,500	(524,000)	(524,000)
<b>31 December 2020</b>	37,500	37,500	8,313,330	8,388,330

The notes on pages 14 to 23 form part of these financial statements.

# Blagden Specialty Chemicals Limited

## Statement of cash flows for the year ended 31 December 2020

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
<b>Profit for the financial year</b>		1,395,124	1,340,095
Adjustments for:			
Amortisation of intangible fixed assets	6	1,194	99
Depreciation of tangible fixed assets	6	139,470	148,158
Profit on disposal of tangible fixed assets		(15,450)	(6,335)
Decrease/(increase) in stock	11	706,750	(272,804)
(Increase)/decrease in trade and other debtors	12	(324,257)	502,089
Increase/(decrease) in trade and other creditors	13	2,073,867	(931,355)
Increase in amounts owed by group undertakings	12,13	81,002	81,027
Unrealised currency translation gains		(74,872)	(27,161)
<b>Cash from operations</b>		3,982,828	833,813
Interest paid		-	(395)
Interest received		27	-
Taxation paid		(335,636)	(259,998)
<b>Net cash generated from operating activities</b>		3,647,219	573,420
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		-	(11,938)
Proceeds from sale of tangible fixed assets		15,450	6,335
Purchases of tangible fixed assets	10	(58,437)	(185,448)
Interest received		-	-
<b>Net cash used in investing activities</b>		(42,987)	(191,051)
<b>Cash flows from financing activities</b>			
Equity dividend paid	16	(524,000)	(1,526,000)
<b>Net cash used in financing activities</b>		(524,000)	(1,526,000)
Effect of exchange rate fluctuations on cash held		74,872	27,161
<b>Net Increase in cash and cash equivalents</b>		3,155,104	(1,116,470)
Cash and cash equivalents at the beginning of the year		2,131,358	3,247,828
<b>Cash and cash equivalents at the end of the year</b>		5,286,462	2,131,358
<b>Cash and cash equivalents comprise:</b>			
Cash at bank and in hand		5,286,462	2,131,358

The notes on pages 14 to 23 form part of these financial statements

# Blagden Specialty Chemicals Limited

## Notes forming part of the financial statements for the year ended 31 December 2020

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### 1 Accounting policies

Blagden Specialty Chemical Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given page 1 and the nature of the group's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. This also requires company management to exercise judgement in applying the Company's accounting policies (see note 2).

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

#### *Turnover*

Turnover comprises revenue recognised by the Company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts. Turnover is derived from the Company's ordinary activities. Revenue from the sales of goods is recognised when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the previously agreed payment. These criteria are considered to be met when the goods have been delivered to the buyer.

#### *Reserves*

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

#### *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at historical cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	-	15% reducing balance
Motor vehicles	-	Straight line over 3 - 5 years
Fixtures and fittings	-	12.5% - 33.3% straight line

# Blagden Specialty Chemicals Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

### 1 Accounting policies (continued)

#### *Leasing and hire purchase commitments*

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 the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period. The costs relating to the renewal of the operating lease are capitalised as intangible fixed assets under investment property and amortised over the lease term.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### *Current and deferred taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or 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 country where the Company operates and generates taxable income.

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

- 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### *Financial assets*

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

#### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

# Blagden Specialty Chemicals Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (Continued)

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### 1 Accounting policies (continued)

#### *Foreign currencies*

The Company's functional and presentation currency is GBP. Foreign currency transactions are translated into the group entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### *Stock*

Stock is valued at the lower of cost and net realisable value. Cost comprises direct costs and, where appropriate, a proportion of attributable overheads. Net realisable value is the estimated selling price less costs necessary to make the sale. Further detail on the provision calculation is set out in note 2.

#### *Pensions*

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

#### *Going Concern*

The Company monitors its capital position and its liquidity risk regularly throughout the year to ensure that it has sufficient funds to meet forecast cash requirements. After making enquiries, the Directors have a reasonable expectation that the Company will continue in operational existence and meet its liabilities as they fall due for a period of at least twelve months from the date these financial statements are approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### 2 Significant estimates and judgements

In preparing these financial statements the Directors have made judgements in the following areas.

#### *Bad debt provision*

The Directors make judgements as to the Company's ability to collect outstanding debtors and provide allowances for a portion of debtors when collection becomes doubtful. Provisions are made based on a specific review of significant outstanding invoices.

#### *Stock provision*

Judgement is also made in valuing the net realisable value of stock. A stock provision is made based on a review of the age of the stock and based on products which have passed or are approaching their expiry dates.

# Blagden Specialty Chemicals Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 (Continued)

## 3 Turnover

An analysis of turnover by geographical market is as follows:

	2020 £	2019 £
UK	21,083,288	24,337,372
Europe	1,352,620	1,044,419
Rest of World	57,680	12,250
	<u>22,493,588</u>	<u>25,394,041</u>

## 4 Employees

	2020 £	2019 £
Staff costs, including Directors' remuneration, consist of:		
Wages and salaries	2,274,490	2,351,696
Social security costs	336,428	355,124
Other pension costs	99,968	95,051
	<u>2,710,886</u>	<u>2,801,871</u>

The average number of employees, including Directors, during the year was

	Number	Number
Warehouse and distribution	6	6
Selling	27	29
Administration	22	22
	<u>55</u>	<u>57</u>

# Blagden Specialty Chemicals Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 (Continued)

## 5 Directors' remuneration

	2020 £	2019 £
Emoluments	296,397	278,076
Social security costs	46,386	44,584
	<u>342,783</u>	<u>322,660</u>
Company pension contributions to money purchase pension schemes	<u>765</u>	<u>-</u>

The highest paid Director received remuneration of £296,397 (2019 - £278,076).

The value of the Company's contributions paid to a money purchase pension scheme in respect of the highest paid Director amounted to £765 (2019 - £Nil).

## 6 Operating profit

	2020 £	2019 £
This has been arrived at after charging/(crediting):		
Amortisation of intangible fixed assets	1,194	99
Depreciation of tangible fixed assets - owned by the Company	139,470	148,158
Auditor's remuneration	35,650	32,800
Difference on foreign exchange	(30,806)	(1,809)
Operating lease expenditure	130,978	84,780
Profit on disposal of tangible fixed assets	<u>(15,450)</u>	<u>(6,335)</u>

## 7 Interest payable/receivable

	2020 £	2019 £
Interest received	27	-
On bank loans and overdrafts	<u>-</u>	<u>395</u>
	<u>(27)</u>	<u>395</u>

# Blagden Specialty Chemicals Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 (Continued)

## 8 Taxation on profit from ordinary activities

	2020 £	2019 £
<i>Current tax</i>		
UK corporation tax on profits of the period	284,828	263,391
Prior year adjustment	1,744	(2,660)
	<hr/>	<hr/>
Total current tax	286,572	260,731
	<hr/>	<hr/>

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

	2020 £	2019 £
Profit on ordinary activities before tax	1,395,151	1,339,700
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2019 – 19%)	265,079	254,543
Effects of:		
Expenses not deductible for tax purposes	9,418	9,010
Movement on provisions	11,596	2,303
Capitalised revenue expenditure allowable on an accounts basis	-	(298)
Depreciation in excess of capital allowance	-	(4,478)
Depreciation on assets ineligible for capital allowances	386	2,311
Prior year adjustment	1,744	(2,660)
Adjust opening deferred tax to average rate of 19.00%	(1,872)	-
Losses eliminated at 19%	227	-
Group relief	(6)	-
	<hr/>	<hr/>
Current tax charge for the year	286,572	260,731
	<hr/>	<hr/>

# Blagden Specialty Chemicals Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 (Continued)

## 9 Intangible assets

	Investment Property £
<i>Cost</i>	
At 1 January 2020	11,938
Additions	-
	<hr/>
At 31 December 2020	11,938
	<hr/>
<i>Amortisation</i>	
At 1 January 2020	99
Charge for the year	1,194
	<hr/>
At 31 December 2020	1,293
	<hr/>
<i>Net book value</i>	
At 31 December 2020	10,645
	<hr/>
At 31 December 2019	11,839
	<hr/>

## 10 Tangible assets

	Plant and machinery £	Motor vehicles £	Fixtures, fittings and Equipment £	Total £
<i>Cost</i>				
At 1 January 2020	475,729	297,785	1,066,672	1,840,186
Additions	2,845	17,700	37,892	58,437
Disposals	-	(42,315)	-	(42,315)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	478,574	273,170	1,104,564	1,856,308
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January 2020	326,334	174,415	894,239	1,394,988
Charge for the year	22,409	52,913	64,148	139,470
Disposals	-	(42,315)	-	(42,315)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	348,743	185,013	958,387	1,492,143
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2020	129,831	88,157	146,177	364,165
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	149,395	123,370	172,433	445,198
	<hr/>	<hr/>	<hr/>	<hr/>

# Blagden Specialty Chemicals Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 (Continued)

## 11 Stock

	2020 £	2019 £
Finished goods and goods for resale	1,947,709	2,654,459

## 12 Debtors

	2020 £	2019 £
Trade debtors	3,700,938	3,657,865
Other debtors	604,490	443,767
Prepayments	286,050	165,589
Amounts owed by group undertakings	2,892,134	2,892,134
	<u>7,483,612</u>	<u>7,159,355</u>

## 13 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	3,491,589	2,584,377
Corporation tax	94,306	143,370
Social security and other taxes	1,754,879	554,623
Other creditors	6,278	5,963
Accruals	313,096	347,012
Amounts owed to group undertakings	1,044,115	963,113
	<u>6,704,263</u>	<u>4,598,458</u>

## 14 Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	7,197,562	6,993,767
	<u>7,197,562</u>	<u>6,993,767</u>
Financial liabilities		
Financial liabilities measured at amortised cost	4,855,078	3,900,465
	<u>4,855,078</u>	<u>3,900,465</u>

# Blagden Specialty Chemicals Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 (Continued)

## 15 Share capital

	2020 Number	2019 Number	2020 £	2019 £
Allotted, called up and fully paid Ordinary shares of 25p each	150,000	150,000	37,500	37,500

## 16 Dividends

	2020 £	2019 £
Ordinary shares Dividends paid	(524,000)	(1,526,000)

## 17 Pension costs

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 costs charge represents contributions payable by the Company to the fund and amounted to £99,968 (2019 - £95,051). Contributions totalling £16,698 (2019 - £14,759) were payable to the fund at the balance sheet date and are included in other creditors.

## 18 Related party transactions

Directors' emoluments have been disclosed in Note 5. The Company has taken advantage of the exemptions provided by FRS 102 paragraph 33.1A and not disclosed the transactions with group undertakings where 100% of the voting rights are controlled within the group.

## 19 Commitments under operating leases

As at 31 December 2020, the Company had minimum lease payments under non-cancellable operating leases as set out below:

	2020 Land and buildings £	2020 Other £	2019 Land and buildings £	2019 Other £
Within one year	130,000	-	130,000	-
In two to five years	650,000	-	650,000	-
	780,000	-	780,000	-

# **Blagden Specialty Chemicals Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2020 (Continued)**

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## **20 Ultimate parent undertaking and controlling party**

The ultimate parent company is Blagden Holdings Limited, a company incorporated in England and Wales, which is 100% owned by R G Turton, Director. A copy of these financial statements can be obtained from Osprey House, Black Eagle Square, Westerham, Kent, TN16 1PA.

## **21 Subsequent Events**

The continuation of COVID-19 pandemic into 2021, the UK leaving the EU on the 1<sup>st</sup> January 2021 and dividends paid of £1,012,000 in 2021 are non-adjusting subsequent events, no other significant subsequent events requiring disclosure or adjustment have occurred.