

Company Registration No. 01009410 (England and Wales)

AMERICHEM EUROPE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

AMERICHEM EUROPE LIMITED

COMPANY INFORMATION

Directors	R C Juve R K Gudbranson
Secretary	R C Juve
Company number	01009410
Registered office	Cawdor Street Eccles Manchester M30 0QF
Auditor	HW Fisher LLP Acre House 11-15 William Road London NW1 3ER United Kingdom
Bankers	Bank of America 2 King Edward Street London EC1A 1HQ United Kingdom
Solicitors	Eversheds 70 Great Bridgewater Street Manchester M1 5ES

AMERICHEM EUROPE LIMITED

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AMERICHEM EUROPE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

The company made a pre-tax loss of £900,280 (2020 - £1,596,923) for the year on a turnover of £8,059,861 (2020 - £10,813,071).

As at 31 December 2021, the company had net assets of £4,139,577 (2020 - £4,955,417).

The loss for the year has been transferred to the profit and loss reserve.

Principal risks and uncertainties

The management of the business and execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company are considered to relate to the state of the global economy, competitive activity, key employee retention and supply chain stability.

Economic threats: Currency fluctuation remains an ongoing threat to the business, given the high level of export revenues. Uncertainty generated by Brexit will continue, likely resulting in a reduction in the level of trading in the coming year. We will continue to work with our export and import providers to mitigate any additional exposure to the extent possible.

Uncertainty generated by Brexit is expected to continue, resulting in a reduction in the level of trading in the coming year.

The COVID-19 outbreak across the globe has continued to be a key risk for the company. The company has continued to trade through the pandemic, albeit with some disruption. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry and workforce.

Competition: Our product design and operations teams work closely with the commercial team to ensure we meet product quality and service requirements of our diverse customer base. This differentiates us from many competitors and maintains our position in the market.

Key performance indicators

The company directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Post year end plans

The Company has transitioned its UK warehouse operations to a different Americhem Inc. entity post year end. The factory ceased production in February 2022 with final sales being recognised in February 2022. The assets and stock of the company have been sold and transferred to group undertakings.

On behalf of the board

R K Gudbranson

Director

20 December 2022

AMERICHEM EUROPE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of Americhem Europe Limited during the year was the manufacture of custom colour and additive masterbatches for the plastics industry.

The colour and additive masterbatch market in Europe is valued at around £200m. Americhem Europe's Manchester manufacturing site services the UK market and also serves a wider European, Middle Eastern, African and Australian customer base, with the support of a representative office in Luxembourg.

Results and dividends

The results for the year are set out on page 7.

The directors do not recommend payment of an ordinary dividend. No preference dividends were paid.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

R C Juve

R K Gudbranson

M J Hellstern

(Resigned 25 August 2021)

Auditor

The auditor, HW Fisher LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Please refer to note 19 for a note on the trade of the company post year end.

On behalf of the board

R K Gudbranson

Director

20 December 2022

AMERICHEM EUROPE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the annual 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;
- 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.

AMERICHEM EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AMERICHEM EUROPE LIMITED

Opinion

We have audited the financial statements of Americhem Europe Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - financial statements prepared on a basis other than going concern

We draw attention to Note 1.2 to the financial statements which explains that the directors intend to wind up the company following the transitioning of UK warehouse operations to a different Americhem Inc. entity. Therefore the directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in Note 1.2. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

AMERICHEM EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF AMERICHEM EUROPE LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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.

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.

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.

As part of our planning process:

- We enquired of management the systems and controls the company has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The company did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: FRS 102, Companies Act 2006 and health and safety laws.
- We considered the incentives and opportunities that exist in the company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the company, together with the discussions held with the company at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual (in timing or amount)
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates, in particular in relation to provision for stock impairment.
- Testing revenue, in particular cut-off, for evidence of management bias.
- Performing a physical verification of key assets and stock items (including testing of the stock system).
- Obtaining third-party confirmation of material bank and loan balances.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing documentation such as the company board minutes for discussions of irregularities including fraud.

AMERICHEM EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF AMERICHEM EUROPE LIMITED

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with those charged with governance of the entity.

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.

Simon Mott-Cowan (Senior Statutory Auditor)

For and on behalf of HW Fisher LLP

Chartered Accountants

Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

20 December 2022

AMERICHEM EUROPE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	8,059,851	10,813,071
Cost of sales		(7,585,445)	(9,917,617)
Gross profit		474,416	895,454
Administrative expenses		(1,317,858)	(2,528,226)
Other operating income		2,630	154,904
Operating loss	4	(840,752)	(1,477,868)
Interest payable and similar expenses	6	(59,518)	(119,055)
Loss before taxation		(900,280)	(1,596,923)
Tax on loss	7	84,440	91,878
Loss for the financial year		(815,840)	(1,505,045)

The profit and loss account has been prepared on the basis that all operations are discontinuing operations.

AMERICHEM EUROPE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	8		4,131,208		5,192,089
Current assets					
Stocks	9	1,712,904		1,532,620	
Debtors	10	3,166,561		3,551,392	
Cash at bank and in hand		304,265		502,367	
		<u>5,183,730</u>		<u>5,586,379</u>	
Creditors: amounts falling due within one year	11	<u>(3,442,960)</u>		<u>(1,775,527)</u>	
Net current assets			1,740,770		3,810,852
Total assets less current liabilities			<u>5,871,978</u>		<u>9,002,941</u>
Creditors: amounts falling due after more than one year	12		-		(2,085,261)
Provisions for liabilities					
Provisions	14	<u>1,732,401</u>	<u>(1,732,401)</u>	<u>1,962,263</u>	<u>(1,962,263)</u>
Net assets			<u>4,139,577</u>		<u>4,955,417</u>
Capital and reserves					
Called up share capital	16	6,794,021		6,794,021	
Revaluation reserve		159,000		159,000	
Profit and loss reserves		<u>(2,813,444)</u>		<u>(1,997,604)</u>	
Total equity			<u>4,139,577</u>		<u>4,955,417</u>

The financial statements were approved by the board of directors and authorised for issue on 20 December 2022 and are signed on its behalf by:

R K Gudbranson
Director

Company Registration No. 01009410

AMERICHEM EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 January 2020		6,794,022	159,000	(492,559)	6,460,463
Year ended 31 December 2020:					
Loss and total comprehensive income for the year		-	-	(1,505,045)	(1,505,045)
Issue of share capital	16	(1)	-	-	(1)
Balance at 31 December 2020		6,794,021	159,000	(1,997,604)	4,955,417
Year ended 31 December 2021:					
Loss and total comprehensive income for the year		-	-	(815,840)	(815,840)
Balance at 31 December 2021		6,794,021	159,000	(2,813,444)	4,139,577

AMERICHEM EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Americhem Europe Limited is a private company limited by shares incorporated in England and Wales. The registered office is Cawdor Street, Eccles, Manchester, M30 0QF.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Americhem Holdings International Limited. These consolidated financial statements are available from its registered office, Cawdor Street, Eccles, Manchester, M30 0QF.

1.2 Going concern

Following the transition of the UK warehouse operations, to a group company, it is the intention of the directors that the company will be wound up. The company ceased trading in February 2022, with remaining stock and assets being sold and transferred to group undertakings. The company continues to hold property plant and equipment with a net realisable value of £2,483,273 which is largely in relation to the leasehold and freehold land and buildings. The directors are in negotiation with regards to the sale of these items. The financial statements have been prepared on a basis other than going concern. Notwithstanding this, there are no material changes in the carrying values of the assets and liabilities as a result of this decision.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually upon receipt of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

AMERICHEM EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold Land and buildings	2.5% straight line
Leasehold Land and buildings	2.5% straight line
Plant and machinery	10% straight line
Fixtures, fittings & equipment	10%-25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Where cost is greater than 80% of estimated selling price, an automatic standardised cost adjustment is recognised through the profit and loss account reducing the cost. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

AMERICHEM EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

AMERICHEM EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

AMERICHEM EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.16 Government grants

Government grants relate to amounts received under the Coronavirus Job Retention Scheme, and are recognised at the fair value of the grant received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. The income is recognised in other income on a systematic basis over the period in which the associated costs are incurred, using the accrual model.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimations and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Stock impairment and provision

Stock is valued at the lower of cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete inventories. Calculation of these estimates requires judgements to be made. This is reviewed by the management on a regular basis and is based on their experience in the industry, mainly based on historical stock turnover. The directors have provided against finished goods that have not moved in more than 60 days at 100% and raw materials that have not moved in more than 180 days at 100%. The stock provision at the year end is £385,268 (2020: £437,275).

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Closure provision

The closure provision has been recognised as a result of the director's decision to transition its UK warehouse operations to a different Americhem Inc. entity. The factory ceased production in February 2022 with final sales being recognised in February 2022. The provision recognised is a present obligation as a result of a past event, where reliable estimates have been made on the outflow of resources embodying economic benefits. The provision includes estimates regarding repairs and maintenance of £100,000, being amounts to strip out the building of equipment and machinery. These costs have been incurred post year end in excess of the provision. An estimated dilapidation amount to make final repair obligations under the lease have been recognised at £100,000, with professional fees associated with the sale of the freehold and leasehold building being recognised at £100,000. These dilapidation costs have been negotiated and a maximum payment in lieu of all dilapidation liabilities has been agreed at £104,000 post year end. Further severance and salary costs have been included at £877,057. These costs are based on actual spend post year end and estimated salaries to be incurred until the closure of the business. The provision is reviewed by management on a regular basis. The directors are comfortable with the provision recognised to date, based on actual and estimated costs. The total closure provision as at the year end amounts to £1,732,394 (2020: £1,962,262).

AMERICHEM EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021	2020
	£	£
Turnover analysed by class of business		
Sale of Masterbatches	8,059,861	10,813,071
	<u>8,059,861</u>	<u>10,813,071</u>
	2021	2020
	£	£
Other significant revenue		
Grants received	2,680	154,904
	<u>2,680</u>	<u>154,904</u>
	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	516,870	883,306
Europe	6,103,634	8,115,988
Rest of World	1,439,357	1,813,777
	<u>8,059,861</u>	<u>10,813,071</u>

4 Operating loss

	2021	2020
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	144,675	(17,997)
Research and development costs	3,182	3,118
Government grants	(2,680)	(154,904)
Fees payable to the company's auditor for the audit of the company's financial statements	43,428	40,742
Depreciation of owned tangible fixed assets	572,377	649,478
Depreciation of tangible fixed assets held under finance leases	17,627	13,220
Loss on disposal of tangible fixed assets	475	-
	<u>1,351,384</u>	<u>513,767</u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Production	30	44
Administration	4	5
Sales	3	3
	<u>37</u>	<u>52</u>

AMERICHEM EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5	Employees		(Continued)
	Their aggregate remuneration comprised:		
		2021	2020
		£	£
	Wages and salaries	1,439,666	1,954,828
	Social security costs	115,799	140,605
	Pension costs	48,229	59,333
		<u>1,603,694</u>	<u>2,154,766</u>
	Redundancy payments made or committed	-	1,044,114
		<u>-</u>	<u>1,044,114</u>
6	Interest payable and similar expenses		
		2021	2020
		£	£
	Interest on bank overdrafts and loans	59,518	119,055
		<u>59,518</u>	<u>119,055</u>
7	Taxation		
		2021	2020
		£	£
	Current tax		
	UK corporation tax on profits for the current period	(86,006)	(91,878)
	Adjustments in respect of prior periods	1,566	-
	Total current tax	<u>(84,440)</u>	<u>(91,878)</u>
	The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:		
		2021	2020
		£	£
	Loss before taxation	<u>(900,280)</u>	<u>(1,596,923)</u>
	Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(171,053)	(303,415)
	Tax effect of expenses that are not deductible in determining taxable profit	12,160	121,636
	Unutilised tax	106,729	164,468
	Permanent capital allowances in excess of depreciation	52,164	17,311
	Research and development tax credit	(84,440)	(91,878)
	Taxation credit for the year	<u>(84,440)</u>	<u>(91,878)</u>

AMERICHEM EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Tangible fixed assets

	Freehold Land and buildings	Leasehold Land and buildings	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2021	2,643,657	893,189	9,835,648	2,013,930	15,386,424
Additions	-	-	20,985	5,891	26,876
Disposals	-	-	(1,679,935)	(507,753)	(2,187,688)
At 31 December 2021	2,643,657	893,189	8,176,698	1,512,068	13,225,612
Depreciation and impairment					
At 1 January 2021	840,291	620,538	7,343,702	1,389,804	10,194,335
Depreciation charged in the year	51,081	22,280	429,222	87,421	590,004
Eliminated in respect of disposals	-	-	(1,349,972)	(339,963)	(1,689,935)
At 31 December 2021	891,372	642,818	6,422,952	1,137,262	9,094,404
Carrying amount					
At 31 December 2021	1,752,285	250,371	1,753,746	374,806	4,131,208
At 31 December 2020	1,803,366	272,651	2,491,946	624,126	5,192,089

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021	2020
	£	£
Plant and machinery	74,916	92,543

9 Stocks

	2021	2020
	£	£
Raw materials and consumables	1,570,436	1,208,375
Work in progress	11,913	47,378
Finished goods and goods for resale	130,555	276,867
	1,712,904	1,532,620

During the year £52,007 (2020 £98,098) of impairment reversals were recognised in the profit and loss account.

AMERICHEM EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10	Debtors		2021	2020
			£	£
	Amounts falling due within one year:			
	Trade debtors		420,684	1,545,616
	Amounts due from group undertakings		2,312,872	225,876
	Other debtors		243,804	276,075
	Prepayments and accrued income		189,201	258,539
			<u>3,166,561</u>	<u>2,306,106</u>
	Amounts falling due after one year:			
	Amounts due from fellow group undertakings		-	1,245,286
			<u>-</u>	<u>1,245,286</u>
	Total debtors		<u>3,166,561</u>	<u>3,551,392</u>
11	Creditors: amounts falling due within one year		2021	2020
		Notes	£	£
	Obligations under finance leases	13	41,130	26,441
	Trade creditors		946,422	1,318,426
	Amounts owed to group undertakings		2,195,188	-
	Taxation and social security		29,721	31,921
	Accruals and deferred income		230,499	398,739
			<u>3,442,960</u>	<u>1,775,527</u>
12	Creditors: amounts falling due after more than one year		2021	2020
		Notes	£	£
	Obligations under finance leases	13	-	52,881
	Amounts owed to group undertakings		-	2,032,380
			<u>-</u>	<u>2,085,261</u>
13	Finance lease obligations		2021	2020
			£	£
	Future minimum lease payments due under finance leases:			
	Within one year		41,130	26,441
	In two to five years		-	52,881
			<u>41,130</u>	<u>79,322</u>

AMERICHEM EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13 Finance lease obligations (Continued)

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

14 Provisions for liabilities

	2021 £	2020 £
Closure provision	1,732,401	1,962,263
Movements on provisions:		
		Closure provision £
At 1 January 2021		1,962,263
Utilisation of provision		(229,862)
At 31 December 2021		1,732,401

The provision relates to costs around the closure of the UK trade. The amounts have been reliably calculated but the timing of the cashflows are unknown.

15 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	48,229	59,333

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

AMERICHEM EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Share capital

	2021	2020
	£	£
Issued and fully paid		
4,362,243 'A' Ordinary shares of £1 each	4,362,243	4,362,243
500 'B' Ordinary shares of £1 each	500	500
	<u>4,362,743</u>	<u>4,362,743</u>
Issued and fully paid		
2,431,278 Redeemable preference shares of £1 each	2,431,278	2,431,278
	<u>2,431,278</u>	<u>2,431,278</u>

The Ordinary A & B shares rank pari passu.

The Redeemable preference shares do not confer any right on redemption, and do not have any right to vote or right to a dividend.

17 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	205,616	195,528
Between two and five years	778,004	747,798
In over five years	2,233,646	2,412,074
	<u>3,217,266</u>	<u>3,355,400</u>

18 Post balance sheet event

The Company has transitioned its UK warehouse operations to a different Americhem Inc. entity post year end. The factory ceased production in February 2022 with final sales being recognised in February 2022. The assets and stock of the company have been sold and transferred to group undertakings.

The ultimate holding company, Americhem Inc., will provide financial support in meeting the Company's liabilities as and when they fall due, to the extent that money is not available to the Company to meet such liabilities.

AMERICHEM EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

19 Ultimate controlling party

The immediate parent company is Americhem Holdings International Limited, a company incorporated in England & Wales. The ultimate parent company is Americhem Inc, a company incorporated in the United States of America.

The smallest group in which the results of the company are consolidated is that headed by Americhem Holdings International Limited.

The largest group in which the results of the company are consolidated is that headed by Americhem Inc.

The group accounts of Americhem Holdings Limited are available to the public and can be obtained from Cawdor Street, Eccles, Manchester, M30 0QF.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.