
ITALMATCH CHEMICALS GB LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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ITALMATCH CHEMICALS GB LIMITED

COMPANY INFORMATION

Directors	M Turci F De Jong
Registered number	11332314
Registered office	Ashburton Road West Trafford Park Manchester M17 1SX
Independent auditors	Ecovis Wingrave Yeats LLP Waverley House 7-12 Noel Street London W1F 8GQ



ITALMATCH CHEMICALS GB LIMITED

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ITALMATCH CHEMICALS GB LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Italmatch Chemicals GB Limited was incorporated in the prior financial period on 27 April 2018. The figures included in these financial statements cover the full period from 1 January 2019 to 31 December 2019, with the prior financial year covering the shortened period of 27 April 2018 to 31 December 2018.

Directors

The directors who served during the year were:

M Turci
F De Jong

Principal activity

The Company's principal activity is providing high-end additives for special lubricant applications. The Company offers an extensive portfolio of brands and products to ensure they can meet the exacting standards of every lubrication need in industrial lubricants, MWF and Greases applications.

Results and dividends

The profit for the year amounted to £2,349,000 (2018 - loss of £136,000). EBITDA, the Company's key measure of profitability, amounted to £192,000 (2018 - loss of £69,000).

The directors do not propose any dividend for the current year (2018 - £Nil).

Directors' responsibilities statement

The directors are responsible for preparing 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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;
- 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.



ITALMATCH CHEMICALS GB LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on

05-02-2020

and signed on its behalf.



F De Jong
Director

ITALMATCH CHEMICALS GB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ITALMATCH CHEMICALS GB LIMITED

Opinion

We have audited the financial statements of Italmatch Chemicals GB Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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.



ITALMATCH CHEMICALS GB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ITALMATCH CHEMICALS GB LIMITED (CONTINUED)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

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 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 on page 1, 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.



ITALMATCH CHEMICALS GB LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ITALMATCH CHEMICALS GB LIMITED
(CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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.

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

Use of our report

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

Ecovis Wingrave Yeats LLP

Stuart Hinds (Senior Statutory Auditor)

for and on behalf of

Ecovis Wingrave Yeats LLP

Chartered Accountants & Statutory Auditor

Waverley House

7-12 Noel Street

London

W1F 8GQ

Date:

11 March 2020

ITALMATCH CHEMICALS GB LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2019

		Year ended 31 December 2019 £000	Period ended 31 December 2018 £000
	Note		
Turnover	4	8,563	3,939
Cost of sales		(5,585)	(2,255)
Gross profit		2,978	1,684
Administrative expenses		(3,407)	(1,741)
Operating loss	5	(429)	(57)
Income from fixed assets investments	8	5,156	-
Interest payable and expenses	10	(2,663)	(79)
Profit/(Loss) before tax		2,064	(136)
Tax on profit/(loss)	9	285	-
Profit/(Loss) for the financial period		2,349	(136)

There was no other comprehensive income for 2019 (2018 - £Nil).

The notes on pages 9 to 24 form part of these financial statements.

ITALMATCH CHEMICALS GB LIMITED
REGISTERED NUMBER: 11332314

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Fixed assets			
Negative goodwill	11	(401)	(477)
Intangible assets	11	27	47
Tangible assets	12	4,249	4,407
Investments	13	58,779	-
		<u>62,654</u>	<u>3,977</u>
Current assets			
Stocks	14	1,651	1,616
Debtors: amounts falling due within one year	15	1,560	977
Cash at bank and in hand	16	583	482
		<u>3,794</u>	<u>3,075</u>
Creditors: amounts falling due within one year	17	(1,381)	(1,119)
Net current assets		<u>2,413</u>	<u>1,956</u>
Total assets less current liabilities		<u>65,067</u>	<u>5,933</u>
Creditors: amounts falling due after more than one year	18	(41,507)	(2,519)
Net assets		<u><u>23,560</u></u>	<u><u>3,414</u></u>
Capital and reserves			
Called up share capital	19	3,550	3,550
Share premium account	19	17,797	-
Profit and loss account		2,213	(136)
		<u><u>23,560</u></u>	<u><u>3,414</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
05-03-2020

F De Jong
Director

The notes on pages 9 to 24 form part of these financial statements.

ITALMATCH CHEMICALS GB LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Comprehensive income for the period				
Loss for the period	-	-	(136)	(136)
Shares issued during the period	3,550	-	-	3,550
Total transactions with owners	3,550	-	-	3,550
At 1 January 2019	3,550	-	(136)	3,414
Comprehensive income for the period				
Profit for the period	-	-	2,349	2,349
Shares issued during the period (see note 20)	-	17,797	-	17,797
Total transactions with owners	-	17,797	-	17,797
At 31 December 2019	3,550	17,797	2,213	23,560

The notes on pages 9 to 24 form part of these financial statements.



ITALMATCH CHEMICALS GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Italmatch Chemicals GB Limited is a private company, limited by shares, incorporated in England and Wales, registration number 11332314. The registered office is Ashburton Road West, Trafford Park, Manchester, M17 1SX.

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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment 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 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Italmatch Chemicals S.p.A as at 31 December 2018 and these financial statements may be obtained from Via E. Vismara 114, 20020 Arese (MI), Italy.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.4 Going concern

The financial statements have been prepared on a going concern basis which assumes the company will continue to trade. The validity of this later assumption is dependent upon support from the company's intermediate parent undertaking. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reason to believe that it will not be so.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.5 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 the Statement of Comprehensive Income.

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Depending on the agreed terms of business in place the company is sometimes responsible for delivery. Where the company is responsible for delivery, the sale is recognised when the goods have been delivered to the customer. Where the company is not responsible for delivery, the sale is recognised when the goods are collected by the customer from the company's premise.

2.7 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.8 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 the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Taxation

Tax is recognised in the Statement of Comprehensive Income, 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 balance sheet date in the countries where the Company operates and generates income.

2.10 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.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Negative Goodwill	-	10	years
Software	-	3	years



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.11 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, using the straight-line method.

The estimated useful lives range as follows:

Buildings	- 15 - 20 years
Land improvements	- 10 years
Plant and machinery	- 3 - 15 years
Fixtures and fittings	- 3 - 15 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Stock

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

The company use a standard costing method to value the finished goods stock. Finished goods stock includes completed products. All stock items are manufactured by the company and the company values the finished stock by allocating production overheads to the units produced on the basis of the normal capacity of the production facilities to arrive at a 'standard unit cost'. The amount of fixed overheads allocated to each unit of production is not increased as a consequence of low production or idle plant.

When stock is sold, the company recognises the carrying amount of those stock items as an expense in the period in which the related revenue is recognised.

At each balance sheet 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.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.14 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, loans to related parties and investments in ordinary shares.

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.

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

Depreciation of tangible fixed assets

The useful economic lives and the residual values of assets are reassessed annually. They are amended where necessary to reflect current estimates, economic utilisation and the physical condition of the assets.

A proportion of fixed assets have been in existence for several years prior to acquisition, however, management believes the 10 year useful economic life to be reasonable.

Amortisation of intangible fixed assets

The selection of an appropriate period of amortisation requires judgement in respect of the expected commercial life of the product or period over which the asset is expected to be available for use.

Negative goodwill

This entity was set up to facilitate the purchase of some of the trade and assets of an existing business. The negative goodwill has arisen, as the company has paid less than the fair value of the assets purchased. As at the year end, the fair value of the assets have been reassessed and its managements view that there has been no change since the date of acquisition which has led to the reconfirmation of the negative goodwill to be valid.

Stock valuation

The valuation of finished goods in stock includes fixed manufacturing costs which are absorbed based on what is perceived to be the normal capacity of production. Management believe that the average production volumes over the past 5 years are a reasonable basis for normal capacity of production.

ITALMATCH CHEMICALS GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3. Judgments in applying accounting policies (continued)

Stock provision

A provision is normally made for slow moving and obsolete stock. The provision requires managements best estimate of stock that they believe they will be unable to or will experience difficulty in selling. In addition to this, management have to consider the value at which they believe the old stock can be sold.

Impairment of investment

The Company considers whether the investment in the subsidiaries should be impaired. At the reporting date, where an indication of impairment is identified the recoverable value is estimated. The estimate requires the estimation of future cash flows and also a selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Intercompany loans

The loans from a fellow group company are basic financial liabilities. These debt instruments have interest rates of 5% and 7% and the directors deem these to be the market rate of interest at the date the loans were issued.

4. Turnover

Analysis of turnover by country of destination:

	Year ended 31 December 2019 £000	Period ended 31 December 2018 £000
United Kingdom	2,032	834
Rest of Europe	4,873	1,732
Rest of the world	1,658	1,373
	<u>8,563</u>	<u>3,939</u>

5. Operating loss

The operating loss is stated after charging:

	Year ended 31 December 2019 £000	Period ended 31 December 2018 £000
Depreciation of tangible fixed assets	158	92
Exchange differences	127	(9)
Amortisation of intangible assets, including goodwill	(56)	(137)
	<u></u>	<u></u>



ITALMATCH CHEMICALS GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

6. Auditors' remuneration

	Year ended 31 December 2019 £000	Period ended 31 December 2018 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	16	13
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to taxation	7	4
All other services	2	2
	9	6

7. Employees

Staff costs were as follows:

	Year ended 31 December 2019 £000	Period ended 31 December 2018 £000
Wages and salaries	1,580	882
Social security costs	186	95
Cost of defined contribution scheme	149	94
	1,915	1,071



ITALMATCH CHEMICALS GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

7. Employees (continued)

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

	Year ended 31 December 2019 No.	Period ended 31 December 2018 No.
Manufacturing, research and development	32	27
Administration and sales	9	16
	<u>41</u>	<u>43</u>

The Company's directors were not remunerated by the company in the current or prior period.

8. Income from investments

	Year ended 31 December 2019 £000	Period ended 31 December 2018 £000
Dividends received from subsidiaries	<u>5,156</u>	<u>-</u>



ITALMATCH CHEMICALS GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9. Taxation

	Year ended 31 December 2019 £000	Period ended 31 December 2018 £000
Corporation tax		
Current tax on profits for the year	(247)	-
Adjustments in respect of previous periods	(38)	-
	<u>(285)</u>	<u>-</u>
Total current tax	<u>(285)</u>	<u>-</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on (loss)/profit on ordinary activities	<u>(285)</u>	<u>-</u>

ITALMATCH CHEMICALS GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	Year ended 31 December 2019 £000	Period ended 31 December 2018 £000
Profit/(loss) on ordinary activities before tax	2,064	(136)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	392	(23)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	132	8
Capital allowances for year/period in excess of depreciation	10	15
Exempt ABGH distributions	(980)	-
Adjust closing deferred tax to average rate of 19%	2	-
Deferred tax not recognised	(22)	-
Group relief	466	-
Amount receivable from a fellow subsidiary in respect of group relief	(285)	-
Total tax charge for the year/period.	(285)	-

Factors that may affect future tax charges

The Company has tax losses amounting to £124,000 (2018 - £75,000) available to carry forward and offset against future profits.

10. Interest payable and similar expenses

	Year ended 31 December 2019 £000	Period ended 31 December 2018 £000
Loans from group undertakings	2,663	79



ITALMATCH CHEMICALS GB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Intangible assets

	Computer software £000	Negative goodwill £000	Total £000
Cost			
At 1 January 2019	58	(626)	(568)
At 31 December 2019	<u>58</u>	<u>(626)</u>	<u>(568)</u>
Amortisation			
At 1 January 2019	11	(149)	(138)
Charge for the year	20	(76)	(56)
At 31 December 2019	<u>31</u>	<u>(225)</u>	<u>(194)</u>
Net book value			
At 31 December 2019	<u>27</u>	<u>(401)</u>	<u>(374)</u>
At 31 December 2018	<u>47</u>	<u>(477)</u>	<u>(430)</u>

The negative goodwill has a remaining amortisation period of 8 years (2018 - 9 years).

The software has a remaining amortisation period of 2 years (2018 - 3 years).

ITALMATCH CHEMICALS GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Tangible fixed assets

	Buildings £000	Land and Land improvements £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost or valuation					
At 1 January 2019	1,989	2,258	227	25	4,499
At 31 December 2019	1,989	2,258	227	25	4,499
Depreciation					
At 1 January 2019	66	10	13	3	92
Charge for the year on owned assets	112	18	23	5	158
At 31 December 2019	178	28	36	8	250
Net book value					
At 31 December 2019	1,811	2,230	191	17	4,249
At 31 December 2018	1,923	2,248	214	22	4,407

ITALMATCH CHEMICALS GB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2019	-
Additions	58,779
At 31 December 2019	<u>58,779</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
BWA Water Additives UK Limited	2 Brightgate Way, Manchester, M32 0TB	Ordinary	100%
BWA Water Additives Japan KK	Burex Kojimachi, 3-5-2 Kojimachi, Chiyoda-ku, Tokyo	Ordinary	100%
BWA Water Additives FZE	1802 Level 18, Jumeirah Bay X3 TowerCluster X, Jumeirah Lake Towers, P.O. Box 263164, Dubai, United Arab Emirates	Ordinary	100%
BWA Water Additives DMCC	1802 Level 18, Jumeirah Bay X3 TowerCluster X, Jumeirah Lake Towers, P.O. Box 263164, Dubai, United Arab Emirates	Ordinary	100%
BWA Water Additives (Shanghai) Trading Co., Ltd	22nd Floor, No.1193 Changning Road, Changning District, Shanghai, China	Ordinary	100%

On 12 February 2019 Italmatch Chemicals GB Limited acquired all the share capital in BWA Water Additives UK Limited and BWA Water Additives Japan KK. The £58,779,000 of consideration paid for the acquisition of these two companies was made in cash.

The principal activity of these subsidiaries are the supply of specialty chemical products to the water treatment industry.

The Company's investments in BWA Water Additives UK Limited and BWA Water Additives Japan KK are direct ownership, all other investments are indirect ownership.

During the year the Company received dividends of £2,528,000 (2018 - £Nil) from BWA Water Additives UK Limited and £2,528,000 (2018 - £Nil) from BWA Water Additives Japan KK.

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ITALMATCH CHEMICALS GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Stocks

	2019 £000	2018 £000
Raw materials and consumables	490	897
Finished goods and goods for resale	1,161	719
	<u>1,651</u>	<u>1,616</u>

15. Debtors

	2019 £000	2018 £000
Trade debtors	658	708
Amounts owed by group undertakings	594	131
Other debtors	203	111
Prepayments and accrued income	105	27
	<u>1,560</u>	<u>977</u>

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

16. Cash and cash equivalents

	2019 £000	2018 £000
Cash at bank and in hand	<u>583</u>	<u>482</u>

ITALMATCH CHEMICALS GB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. Creditors: Amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	408	411
Amounts owed to group undertakings	925	537
Other creditors	48	171
	<u>1,381</u>	<u>1,119</u>

Within amounts owed to group undertakings due within one year, there is £485,000 (2018 - £177,000) that is unsecured, interest free and repayable on demand.

Within amounts owed to group undertakings due within one year, there is £360,000 (2018 - £360,000) in regard to a loan from a group undertaking that incurs interest at 5% per annum. The loan was formalised on 11 June 2018 with a 10 year term from draw-down and is unsecured.

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

	2019	2018
	£000	£000
Amounts owed to group undertakings	<u>41,507</u>	<u>2,519</u>

Within amounts owed to group undertakings due after more than one year, there is £2,300,000 (2018 - £2,519,000) in regard to a loan from a group undertaking which incurs interest at 5% per annum. The loan was formalised on 11 June 2018 with a 10 year term from draw-down and is unsecured. The amount due in more than 5 years is £860,000 (2018 - £1,079,000).

Also included within amounts owed to group undertakings due after more than one year is £39,207,000 (2018 - £Nil) in regard to a loan from a group undertaking which is unsecured and accrues interest at 7% per annum. The loan was formalised on 13 February 2019 and is repayable in full with interest on 13 February 2027.

19. Share capital

	2019	2018
	£000	£000
Allotted, called up and fully paid		
3,550,002 (2018 - 3,550,001) Ordinary shares of £1.00 each	<u>3,550</u>	<u>3,550</u>

On 12 February 2019 the Company issued 1 Ordinary share for a consideration of £17,796,716. This has been recognised as £1 of Ordinary share capital and £17,796,715 of Share Premium.

All Ordinary shares in issue rank equally for voting purposes and for dividends declared. Each share gives the holder the right to one vote.

ITALMATCH CHEMICALS GB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

20. 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 £149,000 (2018 - £94,000). Contributions totaling £19,000 (2018 - £15,000) were payable to the fund at the balance sheet date and are included in creditors.

21. Related party transactions

Italmatch Chemicals GB Limited has taken the exemption under FRS 102 section 33 Related Party Disclosures paragraph 33.1A, whereby the company is not required to disclose transactions with other wholly owned subsidiaries.

22. Post balance sheet events

On 1 January 2020 the majority of the trade and assets were transferred from the subsidiary company, BWA Water Additives UK Limited, to the Company. There has been no changes to the principal activity as a result of the transfer and therefore the future results are expected to be comparable to the historical trading results of the subsidiary.

On 1 January 2020, the Company completed a share for share exchange with its shares in its subsidiary, BWA Water Additives Japan KK, for shares in an existing Group Company, Italmatch Japan Ltd, a company incorporated in Japan. On the same day, the activity of BWA Water Additives Japan KK was merged with the activity of Italmatch Japan Ltd. There were no significant changes to the business itself but after the merger BWA Water Additives Japan KK will cease to exist.

23. Controlling party

The immediate parent undertaking is Italmatch Chemicals S.p.A, a company incorporated in Italy. Italmatch Chemicals S.p.A prepares consolidated accounts and these are available from the company's registered office Via E. Vismara 114, 20020 Arese (MI), Italy.

The ultimate parent undertaking and controlling party is Bain Capital Europe Fund IV, a company registered in the USA.