

Company Registration No. 01346796 (England and Wales)

GOWER CHEMICALS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
PAGES FOR FILING WITH REGISTRAR

GOWER CHEMICALS LIMITED

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GOWER CHEMICALS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	3		2,783,833		2,964,393
Current assets					
Stocks		338,456		223,362	
Debtors	4	937,701		982,864	
Cash at bank and in hand		590,919		521,598	
		<u>1,867,076</u>		<u>1,727,824</u>	
Creditors: amounts falling due within one year	5	<u>(1,133,343)</u>		<u>(1,239,428)</u>	
Net current assets			733,733		488,396
Total assets less current liabilities			<u>3,517,566</u>		<u>3,452,789</u>
Creditors: amounts falling due after more than one year	6		(566,557)		(1,161,650)
Provisions for liabilities	7		<u>(285,525)</u>		<u>(295,786)</u>
Net assets			<u>2,665,484</u>		<u>1,995,353</u>
Capital and reserves					
Called up share capital	9		50,000		50,000
Capital redemption reserve			5,555		5,555
Profit and loss reserves			<u>2,609,929</u>		<u>1,939,798</u>
Total equity			<u>2,665,484</u>		<u>1,995,353</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 7 September 2020 and are signed on its behalf by:

Mrs V Reed
Director

Company Registration No. 01346796

GOWER CHEMICALS LIMITED

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

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2018	50,000	5,555	1,538,279	1,593,834
Year ended 31 December 2018:				
Profit and total comprehensive income for the year	-	-	401,519	401,519
Balance at 31 December 2018	50,000	5,555	1,939,798	1,995,353
Year ended 31 December 2019:				
Profit and total comprehensive income for the year	-	-	670,131	670,131
Balance at 31 December 2019	50,000	5,555	2,609,929	2,665,484

GOWER CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Gower Chemicals Limited is a private company limited by shares incorporated in England and Wales. The registered office is Acid Dilution Terminal, Crymlyn Burrows, SWANSEA, Glamorgan, UK, SA1 8PT.

The principal activity of the company continued to be that of the process of acid dilution, water treatment and the manufacture of chemical products.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. In making their assessment the directors have reviewed the balance sheet, the likely future cash flows of the business and have considered the facilities that are in place at the date of signing the report.

The company meets its day to day working capital requirements from its cash reserves, overdraft facilities and parent company support if necessary. At the date of signing the report sales to all key markets have continued to meet budgeted levels, with the situation arising post year end in the UK and globally in respect of Covid-19 and the measure taken by the UK Government to contain the virus having no significant impact on the core markets that the company supplies. With no indication that at the current time this position will change, the company's forecasts and projections show that the company will be able to operate within those facilities.

The directors have also analysed the cash flow requirements for various scenarios where disruption from Covid-19 occurs to its customer base or supply chain. The directors have a reasonable expectation that with the continued support of its bankers in the form of facility levels which it has historically been provided with, in the scenarios reviewed the company will be able to continue to operate within those facilities. However, the extent of any future impact of Covid-19 is unclear and it is difficult to evaluate all the potential implications on the company's trade, customers, suppliers and the wider economy.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

GOWER CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services 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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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 on dispatch 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 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, 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:

Land and buildings Freehold	Land nil; Buildings 2%
Land and buildings Leasehold	2% - 4 %
Plant and machinery	25% - 50%
Motor vehicles	25%

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.

1.5 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

GOWER CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

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.

1.7 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Taxation

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

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.

GOWER CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.9 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.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 31 (2018 - 29).

3 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2019	1,921,031	2,839,855	4,760,886
Additions	-	102,383	102,383
Disposals	-	(47,000)	(47,000)
At 31 December 2019	1,921,031	2,895,238	4,816,269
Depreciation and impairment			
At 1 January 2019	415,937	1,380,556	1,796,493
Depreciation charged in the year	35,975	246,557	282,532
Eliminated in respect of disposals	-	(46,589)	(46,589)
At 31 December 2019	451,912	1,580,524	2,032,436
Carrying amount			
At 31 December 2019	1,469,119	1,314,714	2,783,833
At 31 December 2018	1,505,094	1,459,299	2,964,393

4 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	861,896	891,722
Other debtors	75,805	91,142
	937,701	982,864

GOWER CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

4 Debtors (Continued)

5 Creditors: amounts falling due within one year

	2019 £	2018 £
Bank loans	67,500	67,500
Trade creditors	176,880	321,970
Corporation tax	174,248	115,692
Other taxation and social security	141,093	132,839
Other creditors	573,622	601,427
	<u>1,133,343</u>	<u>1,239,428</u>

Bank loans are secured by a fixed and floating charge over the assets of the company.

Included in other creditors is an intercompany loan due to the parent company, Sheruhn Industrie. Amounts owed at the year end totalled £350,000 (2018: £100,000). There are no formal repayment terms.

6 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Bank loans and overdrafts	566,557	611,650
Other creditors	-	550,000
	<u>566,557</u>	<u>1,161,650</u>

Bank loans are secured by a fixed and floating charge over the assets of the company.

Included in other creditors is an intercompany loan due to the parent company, Sheruhn Industrie. Amounts owed at the year end totalled £Nil (2018: £550,000).

7 Provisions for liabilities

	2019 £	2018 £
Land remediation provision	230,642	230,820
Deferred tax liabilities	54,883	64,966
	<u>285,525</u>	<u>295,786</u>

GOWER CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	54,883	64,966
	<u>54,883</u>	<u>64,966</u>
Movements in the year:		2019 £
Liability at 1 January 2019		64,966
Credit to profit or loss		(10,083)
Liability at 31 December 2019		<u>54,883</u>

The deferred tax liability set out above relates to accelerated capital allowances and is expected to reverse over the useful economic life of the related assets.

9 Called up share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
50,000 Ordinary A shares of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

10 Operating lease commitments

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

	2019 £	2018 £
	32,310	44,858
	<u>32,310</u>	<u>44,858</u>

11 Parent company

The company is controlled by Scheruhn Industrie Mineralien Verwaltungs GmbH, a company incorporated in Germany, which owns 100% of the issued share capital.

The parent company of the smallest and largest group of undertakings of which the company is a member and prepared consolidated financial statements is Scheruhn Industrie Mineralien Verwaltungs GmbH.

The group financial statements of Scheruhn Industrie Mineralien Verwaltungs GmbH are available at Dr-Enders-Strasse 30, 95030 Hof, Germany.

GOWER CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Matthew Thomas.

The auditor was Azets Audit Services.

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.