

REGISTERED NUMBER: 03032651 (England and Wales)

**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
FOR
UNIGEL (UK) LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2021**

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**UNIGEL (UK) LIMITED
COMPANY INFORMATION
YEAR ENDED 31 DECEMBER 2021**

DIRECTORS:

S J Sjoden
K H Chhoa
M Kreuger
Z B M Said (resigned 1 January 2021)
E Otsubo-Chhoa
M S Mohamed Tarmizi (appointed 1 January 2021)
B K Lim (appointed 23 January 2021 and resigned 8 February 2022)

SECRETARY:

Waterstone Company Secretaries Limited

REGISTERED OFFICE:

c/o Waterstone Company Secretaries Limited
Suite Lg. 03 Bridge House
181 Queen Victoria Street
London
EC4V 4EG

REGISTERED NUMBER:

03032651 (England & Wales)

AUDITORS:

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

**UNIGEL (UK) LIMITED
GROUP STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2021**

The directors present their strategic report of the company and the group for the year ended 31 December 2021.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The group turnover increased significantly during the year which was mostly due to a higher volume of sales although rising oil prices and logistics costs played a part. Forward planning minimised the uncertainty associated with Brexit and company coped well with the continuing challenges of Covid-19. The unprecedented rise in logistics costs meant that the gross margin percentage came under pressure. The company continued to enter new markets during the year and expand its product range although fluctuations in exchange rates, oil prices and logistics costs continued to affect profitability.

The objectives for the forthcoming year are to continue to increase market share and margins by improving manufacturing techniques and product formulations through investment in research and development.

In order to ensure the continued development of the business, the company will continue to venture into new geographical markets as well as continuing the expansion of its product range.

PRINCIPAL RISKS AND UNCERTAINTIES

By continuing to venture into new geographical markets the group hopes to minimise the risk arising from economic fluctuations in particular regions. The main risks continue to be associated with fluctuations in foreign currency exchange rates, particularly the US Dollar, and the fluctuation in the price of oil and logistics costs. The directors are aware of these risks and constantly monitor the conversion of currency to minimise this cost and also search for alternative suppliers to reduce direct costs.

FINANCIAL RESULTS

The turnover for the year was £12,389,340 (2020: £10,081,998) and the profit after tax was £216,386 (2020: £359,220). The gross profit percentage was 13.0% (2020: 19.0%).

COVID-19 PANDEMIC

The group meets its working capital requirements through the receipt of revenue from global sales of cable filling and flooding compounds. Ultimately the receipt of revenue depends upon the availability of liquidity for the group's customers and the level of activity in the telecommunications market.

The Covid-19 pandemic has continued to have only a limited impact on the operations and operational financing of the group as the telecommunications industry is considered an essential service in many countries throughout the world and exemption from lockdown is commonplace. All of the group's manufacturing sites are currently operational and demand for product has been stable. However, at the date of approval of these financial statements it is not clear how long the current circumstances are likely to last and what the long-term impact will be.

The directors prepare annual budgets and forecasts in order to ensure that they have sufficient liquidity in place for the business. Based on their latest assessment of the budgets and forecasts for the group, and from the borrowing facility available from the group's bankers, the directors believe that the group will have sufficient funds to enable it to continue to trade as a going concern and to discharge its debts and liabilities as they fall due in the period of at least twelve months from the date of approval of these financial statements. The directors therefore consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

ON BEHALF OF THE BOARD:


S. Sjoden Director

16 March 2022

**UNIGEL (UK) LIMITED
REPORT OF THE DIRECTORS
YEAR ENDED 31 DECEMBER 2021**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2021.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was the manufacture and sale of cable filling and flooding compounds and associated pumping and delivery equipment.

DIVIDENDS

Dividends of £150,000 have been distributed for the year ended 31 December 2021 (2020: £100,000).

DIRECTORS

The directors and changes thereto are shown below:

S J Sjoden
K H Chhoa
M Kreuger
Z B M Said (resigned 1 January 2021)
E Otsubo-Chhoa
M S Mohamed Tarmizi (appointed 1 January 2021)
B K Lim (appointed 23 January 2021 and resigned 8 February 2022)

GOING CONCERN

The directors have prepared the financial statements on a going concern basis and in making this assessment they have considered the following:

- The cash reserves of the company have continued to be strong since the balance sheet date and were £216,410 at 28 February 2022;
- Turnover in the two months to 28 February 2022 was approximately 19% higher than forecast in the business plan;
- The borrowing facility from the group's bankers remains available as required;
- Funding from related parties has been extended with further extensions likely to be available if required.

In preparing the 2022 business plan the directors have considered the risk factors likely to be relevant for the year ahead and have not factored in any additional funding beyond that currently available. Having considered the above, the directors believe they have a reasonable expectation that the group will have adequate resources to continue to discharge its debts and liabilities as they fall due for the foreseeable future. The directors therefore consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the Financial Statements in accordance with applicable laws 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards), 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 the group and of the profit or loss of the group 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;

**UNIGEL (UK) LIMITED
REPORT OF THE DIRECTORS
YEAR ENDED 31 DECEMBER 2021**

- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD


S.J. Sjoden – Director

16 March 2022

**INDEPENDENT AUDITOR'S REPORT TO THE
MEMBERS OF UNIGEL (UK) LIMITED
YEAR ENDED 31 DECEMBER 2021**

Opinion

We have audited the financial statements of Unigel (UK) Limited (the 'parent Company') and its subsidiary (the 'Group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable to 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 Group's and the parent Company's affairs as at 31 December 2021 and of the Group's 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 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 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

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

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

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

Other information

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

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.

**INDEPENDENT AUDITOR'S REPORT TO THE
MEMBERS OF UNIGEL (UK) LIMITED
YEAR ENDED 31 DECEMBER 2021**

Opinion 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 Group 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 Group Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 Group's and the parent 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 Group or the parent 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:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

**INDEPENDENT AUDITOR'S REPORT TO THE
MEMBERS OF UNIGEL (UK) LIMITED
YEAR ENDED 31 DECEMBER 2021**

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management, inappropriate revenue recognition, the valuation of trade debtors and stock balances. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, corroborating balances recognised to supporting documentation on a sample basis and ensuring accounting policies are appropriate under United Kingdom Generally Accepted Accounting Practice and applicable law.

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. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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 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.



John Glasby (senior statutory auditor)

For and on behalf of

Crowe U.K. LLP

55 Ludgate Hill

London

EC4M 7JW

Date: 17 March 2022

UNIGEL (UK) LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
TURNOVER	2	12,389,340	10,081,998
Cost of sales		<u>(10,783,344)</u>	<u>(8,165,406)</u>
GROSS PROFIT		1,605,996	1,916,592
Administrative expenses		<u>(1,394,960)</u>	<u>(1,467,942)</u>
OPERATING PROFIT	3	211,036	448,650
Interest receivable and similar income		65,993	
Interest payable and similar charges	4	<u>(7,678)</u>	<u>(8,777)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		269,351	439,873
Tax on profit on ordinary activities	7	<u>(52,965)</u>	<u>(80,653)</u>
PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP		216,386	359,220
<i>Other comprehensive income for the year</i>			
Gain/(loss) on foreign exchange		3,829	(19,723)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>220,215</u>	<u>339,497</u>

CONTINUING OPERATIONS

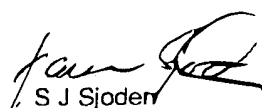
None of the group's activities were acquired or discontinued during the current period or previous year.

The notes on pages 15 to 26 form part of these financial statements

UNIGEL (UK) LIMITED
REGISTERED NUMBER: 03032651
CONSOLIDATED BALANCE SHEET
31 DECEMBER 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Intangible assets	9	593,438	635,518
Tangible assets	10	<u>832,477</u>	<u>880,609</u>
		1,425,915	1,516,127
CURRENT ASSETS			
Stocks	12	1,099,385	654,380
Debtors	13	2,618,718	2,259,091
Cash at bank and in hand		<u>334,131</u>	<u>343,834</u>
		4,052,234	3,257,305
CREDITORS			
Amounts falling due within one year	14	<u>3,193,841</u>	<u>2,525,561</u>
NET CURRENT ASSETS		<u>858,393</u>	<u>731,744</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,284,308	2,247,871
CREDITORS			
Other loan falling due after more than one year		-	37,698
PROVISION FOR LIABILITIES			
Deferred tax		<u>182,150</u>	<u>178,230</u>
NET ASSETS		<u>2,102,158</u>	<u>2,031,943</u>
CAPITAL AND RESERVES			
Called up share capital	17	1,000,000	1,000,000
Profit and loss account	18	<u>1,102,158</u>	<u>1,031,943</u>
SHAREHOLDERS' FUNDS		<u>2,102,158</u>	<u>2,031,943</u>

The financial statements were approved by the Board of Directors on 16 March 2022 and were signed on its behalf by:


S J Sjoder
Director

The notes on pages 15 to 26 form part of these financial statements

UNIGEL (UK) LIMITED
REGISTERED NUMBER: 03032651
COMPANY BALANCE SHEET
31 DECEMBER 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Intangible assets	9	593,438	635,518
Tangible assets	10	173,178	191,228
Investments	11	<u>6,465</u>	<u>6,465</u>
		773,081	833,211
CURRENT ASSETS			
Stocks	12	772,008	322,015
Debtors	13	2,681,118	2,396,944
Cash at bank and in hand		<u>322,152</u>	<u>282,602</u>
		3,775,278	3,001,561
CREDITORS			
Amounts falling due within one year	14	<u>2,974,534</u>	<u>2,179,120</u>
NET CURRENT ASSETS		<u>800,744</u>	<u>822,441</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,573,825	1,655,652
PROVISION FOR LIABILITIES			
Deferred tax		<u>145,861</u>	<u>140,417</u>
NET ASSETS		<u>1,427,964</u>	<u>1,515,235</u>
CAPITAL AND RESERVES			
Called up share capital	17	1,000,000	1,000,000
Profit and loss account brought forward		515,235	412,136
(Loss)/profit for the year		<u>(87,271)</u>	<u>103,099</u>
Profit and loss account carried forward	18	<u>427,964</u>	<u>515,235</u>
SHAREHOLDERS' FUNDS		<u>1,427,964</u>	<u>1,515,235</u>

The financial statements were approved by the Board of Directors on 16 March 2022 and were signed on its behalf by:


S J Sjoden
Director

The notes on pages 15 to 26 form part of these financial statements

UNIGEL (UK) LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2021

Group	Share capital £	Retained earnings £	Total equity £
At 1 January 2020	1,000,000	792,446	1,792,446
<i>Comprehensive income for the year</i>			
Profit for the year	-	359,220	359,220
Other comprehensive loss for the year	-	(19,723)	(19,723)
Dividends paid	-	(100,000)	(100,000)
Total comprehensive Income for the year at 31 December 2020	<u>1,000,000</u>	<u>1,031,943</u>	<u>2,031,943</u>
<i>Comprehensive income for the year</i>			
Profit for the year	-	216,386	216,386
Other comprehensive gain for the year	-	3,829	3,829
Dividends paid	-	(150,000)	(150,000)
Total comprehensive income for the year at 31 December 2021	<u>1,000,000</u>	<u>1,102,158</u>	<u>2,102,158</u>
 Company	 Share capital £	 Retained earnings £	 Total equity £
At 1 January 2020	1,000,000	412,136	1,412,136
<i>Comprehensive income for the year</i>			
Profit for the year	-	203,099	203,099
Dividends paid	-	(100,000)	(100,000)
Total comprehensive income for the year at 31 December 2020	<u>1,000,000</u>	<u>515,235</u>	<u>1,515,235</u>
<i>Comprehensive income for the year</i>			
Profit for the year	-	62,729	62,729
Dividends paid	-	(150,000)	(150,000)
Total comprehensive income for the year at 31 December 2021	<u>1,000,000</u>	<u>427,964</u>	<u>1,427,964</u>

UNIGEL (UK) LIMITED
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2021

	Note	£	2021	£	£	2020	£
Net cash outflow from operating activities	1			(13,771)			(166,854)
Returns on investments and servicing of finance	2			(51,003)			(48,777)
Taxation				(60,141)			-
Capital expenditure	2			(67,044)			(111,565)
				(191,959)			(327,196)
Financing	2			182,256			46,951
Decrease in cash in the year				(9,703)			(280,245)
<hr/>							
Reconciliation of net cash flow to movement in net debt	3						
(Decrease) in cash in the year				(9,703)			(280,245)
Cash inflow from increase in debt				(182,256)			(46,951)
Change in net debt resulting from cash flows				(191,959)			(327,196)
Net cash at 1 January				296,883			624,079
Net cash at 31 December				104,924			296,883

UNIGEL (UK) LIMITED
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2021

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2021	2020
	£	£
Operating profit	211,036	448,650
Depreciation and amortisation charges	157,058	181,545
Loss on fixed asset disposals	3,346	-
(Increase)/decrease in stocks	(445,005)	162,713
(Increase) in debtors	(359,627)	(722,377)
Increase/(decrease) in creditors	419,421	(237,385)
Net cash (outflow) from operating activities	<u>(13,771)</u>	<u>(166,854)</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2021	2020
	£	£
Returns on investments and servicing of finance		
Proceeds on sale of fixed assets	682	-
Interest paid less interest received and similar income	58,315	(8,777)
Dividends paid	<u>(110,000)</u>	<u>(40,000)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(51,003)</u>	<u>(48,777)</u>
Capital expenditure		
Purchase of intangible fixed assets	(38,941)	(52,800)
Purchase of tangible fixed assets	<u>(28,103)</u>	<u>(58,765)</u>
Net cash outflow for capital expenditure	<u>(67,044)</u>	<u>(111,565)</u>
Financing		
New loan received	<u>182,256</u>	<u>46,951</u>
Net cash inflow from financing	<u>182,256</u>	<u>46,951</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 01/01/21	Cash flow	At 31/12/21
	£	£	£
Net cash:			
Cash at bank and in hand	343,834	(9,703)	334,131
Debt:			
Loan	<u>(46,951)</u>	<u>(182,256)</u>	<u>(229,207)</u>
Cash at bank and in hand	<u>296,883</u>	<u>(191,959)</u>	<u>104,924</u>

UNIGEL (UK) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES

Accounting convention and basis of preparation

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 United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of the consolidated financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the group's accounting policies. Information is given in the accounting policies noted below.

Going concern

The group meets its working capital requirements through the receipt of revenue from global sales of cable filling and flooding compounds. Ultimately the receipt of revenue depends upon the availability of liquidity for the group's customers and the level of activity in the telecommunications market.

The Covid-19 pandemic has continued to have only a limited impact on the operations and operational financing of the group as the telecommunications industry is considered an essential service in many countries throughout the world and exemption from lockdown is commonplace. All of the group's manufacturing sites are currently operational and demand for product has been stable. However, at the date of approval of these financial statements it is not clear how long the current circumstances are likely to last and what the long-term impact will be.

The directors prepare annual budgets and forecasts in order to ensure that they have sufficient liquidity in place for the business. They have considered the effect on the group's business from different scenarios when assessing the impact of Covid-19 in various countries with which it trades. Based on this assessment, and having regard to the post year-end cash reserves and trading levels of the group, related party funding and the borrowing facility available from the group's bankers, the directors believe they have a reasonable expectation that the group will have adequate resources to continue to discharge its debts and liabilities as they fall due for the foreseeable future. The directors therefore consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiary undertaking as at the balance sheet date. The financial statements of the subsidiary are prepared to the same reporting date as the company. The subsidiary is consolidated from the date of incorporation, being the date on which the group obtained control.

In preparing the consolidated financial statements, intra-group balances, transactions and unrealised gains or losses are eliminated in full.

The company does not provide for the unrealised gains and losses on its US dollar loan to the subsidiary nor for its share of the subsidiary company losses; both of which are recognised in the group results.

Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding sales taxes, except in respect of goods sold on consignment where turnover is recognised when the group obtains the right to consideration.

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;

UNIGEL (UK) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (CONTINUED)

- it is probable that the company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- straight line on cost over 39 years
Improvements to property	- straight line on cost over the period of the lease
Plant and machinery	- straight line on cost over 15 years
Fixtures and fittings	- 15% on reducing balance and straight line on cost over 7 years
Computer equipment	- straight line on cost over 4-5 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Debtors

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

Cash and cash equivalents

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

Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable 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 payables or receivables, 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 financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 profit or loss.

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

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

UNIGEL (UK) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 DECEMBER 2021

1. ACCOUNTING POLICIES (CONTINUED)

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

Research and development

Expenditure on pure and applied research and development is charged to the profit and loss account in the year in which it is incurred.

Product development costs are capitalised in the year in which they are incurred, and subsequently amortised over the estimated useful economic life of the products developed.

Creditors

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

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

The financial statements of the subsidiary undertaking whose functional currency is US Dollars have been translated into sterling using the average rate to translate the profit and loss account and the closing rate to translate the balance sheet.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment. The cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Judgements in Applying Accounting Policies and Key Sources of Estimation

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Intangible fixed assets

The useful economic life of capitalised development costs is assessed having regard to industry knowledge and anticipated future demand for particular products. Costs are amortised over a period estimated to correspond with future economic benefits of no more than 10 years.

Debtors provision

The risk of debtor default is assessed by reference to overdue amounts and recent payment history. If there is a deemed material risk of non-payment a provision is made.

Stock provision

Non-moving, slow moving and short dated stocks are assessed at the balance sheet date and if it is deemed that there is a material risk that some or all of the stock cannot be sold, then a provision is made.

UNIGEL (UK) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 DECEMBER 2021

2. TURNOVER

The company has not disclosed an analysis of turnover as, in the opinion of the directors, the information is commercially sensitive.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2021	2020
	£	£
Hire of plant and machinery	46,837	49,316
Other operating leases	34,383	28,238
Depreciation - owned assets	76,037	109,019
Amortisation - owned assets	81,021	72,526
Fees payable to the company's auditor for the audit of the company's annual accounts	17,300	15,917
Fees payable to the subsidiary's auditor for the audit of the subsidiary's annual accounts	12,483	11,684
Foreign exchange differences	<u>59,321</u>	<u>(1,341)</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	£	£
Factoring interest	2,678	134
Interest on other loans	<u>5,000</u>	<u>8,643</u>
	<u>7,678</u>	<u>8,777</u>

5. STAFF COSTS

	2021	2020
	£	£
Directors' remuneration	44,724	9,623
Other wages and salaries	670,902	697,506
Pension costs	10,525	9,309
Social security costs	<u>63,584</u>	<u>56,250</u>
	<u>789,735</u>	<u>772,688</u>

The average number of employees during the year was as follows:

	6	4
	9	9
	<u>7</u>	<u>7</u>
	<u>22</u>	<u>20</u>

6. OBLIGATIONS UNDER OPERATING LEASES

	2021	2020
	£	£
At 31 December 2021 the Group and Company had future minimum lease payments under non-cancellable operating leases as follows:		
Less than 1 year	34,383	34,383
Later than 1 year and not later than 5 years	<u>-</u>	<u>34,383</u>
	<u>34,383</u>	<u>68,766</u>

UNIGEL (UK) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2021

7. TAXATION

The tax charge on the profit on ordinary activities was as follows:

	2021 £	2020 £
Current tax:		
Corporation tax	49,257	63,873
Deferred taxation	<u>3,708</u>	<u>16,780</u>
Tax on profit on ordinary activities	<u><u>52,965</u></u>	<u><u>80,653</u></u>

Factors affecting the tax charge

The tax assessed for the tax year is different to the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u><u>269,351</u></u>	<u><u>439,873</u></u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2020 – 19.00%)	51,400	83,600
Effects of:		
Expenses not deductible for tax	23,300	21,700
Income not taxable	(8,800)	-
Depreciation in excess of/(less than) capital allowances	3,400	(3,100)
Research & development enhanced expenditure	(17,000)	(23,100)
Deferred tax provision on timing differences	3,708	11,058
Tax on losses in UK and US subsidiary	-	(16,900)
Foreign exchange gain on inter-company account	400	(4,300)
Under-provision in prior year, tax rate and other differences	<u>(3,443)</u>	<u>11,695</u>
Current tax charge	<u><u>52,965</u></u>	<u><u>80,653</u></u>

8. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £62,729 (2020: £203,099).

9. INTANGIBLE FIXED ASSETS

	Development costs £
Group and company	
COST	
At 1 January 2021	736,484
Additions	38,941
Disposals	<u>(4,435)</u>
	<u><u>770,990</u></u>
AMORTISATION	
At 1 January 2021	100,966
Charge for the year	81,021
On disposals	<u>(4,435)</u>
	<u><u>177,552</u></u>
NET BOOK VALUE	
At 31 December 2021	<u><u>593,438</u></u>
At 31 December 2020	<u><u>635,518</u></u>

UNIGEL (UK) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 DECEMBER 2021

10. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Improvements to property £	Plant and machinery £
COST			
At 1 January 2021	562,798	7,324	1,432,270
Additions	-	-	23,164
Disposals	-	-	(11,086)
Exchange differences	3,664	-	7,795
At 31 December 2021	<u>566,462</u>	<u>7,324</u>	<u>1,452,143</u>
DEPRECIATION			
At 1 January 2021	100,860	4,207	1,027,385
Charge for year	13,198	1,465	56,774
On disposals	-	-	(7,848)
Exchange differences	912	-	6,744
At 31 December 2021	<u>114,970</u>	<u>5,672</u>	<u>1,083,055</u>
NET BOOK VALUE			
At 31 December 2021	<u>451,492</u>	<u>1,652</u>	<u>369,088</u>
At 31 December 2020	<u>461,938</u>	<u>3,117</u>	<u>404,885</u>
	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2021	15,168	36,738	2,054,298
Additions	129	4,810	28,103
Disposals	-	(895)	(11,981)
Exchange differences	54	99	11,612
At 31 December 2021	<u>15,351</u>	<u>40,752</u>	<u>2,082,032</u>
DEPRECIATION			
At 1 January 2021	11,939	29,298	1,173,689
Charge for year	517	4,083	76,037
On disposals	-	(105)	(7,953)
Exchange differences	53	73	7,782
At 31 December 2021	<u>12,509</u>	<u>33,349</u>	<u>1,249,555</u>
NET BOOK VALUE			
At 31 December 2021	<u>2,842</u>	<u>7,403</u>	<u>832,477</u>
At 31 December 2020	<u>3,229</u>	<u>7,440</u>	<u>880,609</u>

UNIGEL (UK) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 DECEMBER 2021

10. TANGIBLE FIXED ASSETS (Continued)

Company	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 January 2021	7,324	344,584	6,888	26,229	385,025
Additions	-	285	129	2,338	2,752
Disposals	-	-	-	-	-
At 31 December 2021	<u>7,324</u>	<u>344,869</u>	<u>7,017</u>	<u>28,567</u>	<u>387,777</u>
DEPRECIATION					
At 1 January 2021	4,207	166,204	4,290	19,096	193,797
Charge for year	1,465	15,290	409	3,638	20,802
On disposals	-	-	-	-	-
At 31 December 2021	<u>5,672</u>	<u>181,494</u>	<u>4,699</u>	<u>22,734</u>	<u>214,599</u>
NET BOOK VALUE					
At 31 December 2021	<u>1,652</u>	<u>163,375</u>	<u>2,318</u>	<u>5,833</u>	<u>173,178</u>
At 31 December 2020	<u>3,117</u>	<u>178,380</u>	<u>2,598</u>	<u>7,133</u>	<u>191,228</u>

11. FIXED ASSET INVESTMENTS

Company	£
COST	
At 1 January 2021 and 31 December 2021	<u>6,465</u>
NET BOOK VALUE	
At 31 December 2021	<u>6,465</u>
At 31 December 2020	<u>6,465</u>

The investment is held at cost less provision for impairment. The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiary

Unigel Inc.

Country of incorporation: United States of America

Nature of business: Manufacture of thixotropic gel

Registered office: 1027 19th Street S.W., Hickory, NC 28602, USA

Class of shares:	%
Ordinary	holding 100.00

UNIGEL (UK) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 DECEMBER 2021

12. STOCKS

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Raw materials	631,827	554,102	390,092	313,740
Finished goods and equipment for sale	<u>467,558</u>	<u>100,278</u>	<u>381,916</u>	<u>8,275</u>
	<u>1,099,385</u>	<u>654,380</u>	<u>772,008</u>	<u>322,015</u>

13. DEBTORS

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	2,307,318	1,822,704	2,150,261	1,628,781
Amounts recoverable on consignment stock contracts	250,057	281,784	250,057	281,784
Other debtors	1,565	9,985	1,565	8,107
VAT	4,036	29,683	4,036	29,683
Prepayments and accrued income	<u>55,742</u>	<u>114,935</u>	<u>39,245</u>	<u>109,494</u>
	<u>2,618,718</u>	<u>2,259,091</u>	<u>2,445,164</u>	<u>2,057,849</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	<u>-</u>	<u>-</u>	<u>235,954</u>	<u>339,095</u>
Aggregate amounts	<u>2,618,718</u>	<u>2,259,091</u>	<u>2,681,118</u>	<u>2,396,944</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts (note 16)	229,207	-	229,207	-
Loans from group undertakings	200,000	200,000	200,000	200,000
Other loan	-	9,253	-	-
Trade creditors	2,225,166	1,798,482	2,017,867	1,519,963
Corporation tax	9,024	60,141	18,295	19,630
Social security and other taxes	25,993	21,474	25,993	21,474
Accruals and deferred income	<u>504,451</u>	<u>436,211</u>	<u>483,172</u>	<u>418,053</u>
	<u>3,193,841</u>	<u>2,525,561</u>	<u>2,974,534</u>	<u>2,179,120</u>

UNIGEL (UK) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 DECEMBER 2021

15. FINANCIAL INSTRUMENTS

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Financial assets				
Financial assets that are debt instruments measured at amortised cost	2,558,940	2,114,473	2,637,837	2,257,767
	<u>2,558,940</u>	<u>2,114,473</u>	<u>2,637,837</u>	<u>2,257,767</u>
Financial liabilities				
Financial liabilities measured at amortised cost	3,158,824	2,443,946	2,930,246	2,138,016
	<u>3,158,824</u>	<u>2,443,946</u>	<u>2,930,246</u>	<u>2,138,016</u>

Financial assets measured at amortised cost comprise of trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, amounts owed to group undertakings, other creditors and accruals and deferred income.

16. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Factoring advance	<u>229,207</u>	-	<u>229,207</u>	-
Factoring advance	<u>229,207</u>	-	<u>229,207</u>	-

Factoring advances are secured on the trade debtors to which they relate.

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2021	2020
			£	£
1,000,000	Ordinary	£1	<u>1,000,000</u>	<u>1,000,000</u>

UNIGEL (UK) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 DECEMBER 2021

18. RESERVES

Group	Profit and loss account £	Total £
At 1 January 2021	1,031,943	1,031,943
Profit for the year	216,386	216,386
Foreign currency translation differences	3,829	3,829
Dividends paid	<u>(150,000)</u>	<u>(150,000)</u>
At 31 December 2021	<u>1,102,158</u>	<u>1,102,158</u>
Company	Profit and loss account £	Total £
At 1 January 2021	515,235	515,235
Profit for the year	62,729	62,729
Dividends paid	<u>(150,000)</u>	<u>(150,000)</u>
At 31 December 2021	<u>427,964</u>	<u>427,964</u>

19. ULTIMATE PARENT COMPANY

The company's immediate parent undertaking is Unigel Limited, a company incorporated in Hong Kong. The company's ultimate parent undertaking is Hikari Capital Limited, a company incorporated in Hong Kong.

20. RELATED PARTY DISCLOSURES

a) Opcom Holdings Berhad
Major Shareholder

Unigel Compounds Sdn Bhd, a fully owned subsidiary of Opcom Holdings Berhad provided services to the group during the year. The value of services provided during the year and the balance outstanding at the year-end were as follows:

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Sales	335,275	367,563	335,275	367,563
Debtor at balance sheet date	-	70,845	-	70,845
Purchases	3,220,445	2,960,480	3,163,894	2,813,293
Creditor at balance sheet date	1,428,997	1,126,728	1,324,077	1,018,055

UNIGEL (UK) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 DECEMBER 2021

20. RELATED PARTY DISCLOSURES (continued)

b) Hikari Capital Limited
Ultimate parent company

Unigel IP Limited, which is ultimately a 60% subsidiary of Hikari Capital Limited, provided services and a loan to the group in the year. The value of services provided and interest charged during the year and the balance outstanding at the year-end were as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Licence fees, interest and costs payable	491,365	438,621	491,365	438,621
Creditor, loan, accrued costs and interest at balance sheet date	605,210	422,074	605,210	422,074

Unitape Limited, which is a 100% subsidiary of Hikari Capital Limited, provided services and was provided with services in the year. The value of services provided during the year and the balance outstanding at the year-end were as follows:

Recharged costs receivable	22,585	22,363	22,585	22,363
Debtor balance at balance sheet date	4,871	2,646	4,871	2,646
Recharged costs payable	79,425	87,979	79,425	87,979

Unigel Siber Inc., which is a 70% subsidiary of Hikari Capital Limited, was provided with services in the year. The value of services provided and the balance outstanding at the year-end were as follows:

Recharged costs receivable	25,728	-	294	-
Debtor balance at balance sheet date	3,620	-	294	-

c) Unigel Limited
Immediate parent company

Unigel Limited provided a loan to the group in the year. The value of interest charged during the year and the balance outstanding at the year-end were as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Interest payable and purchases	-	21,615	-	21,615
Creditor balance outstanding at balance sheet date	18,000	18,000	18,000	18,000

UNIGEL (UK) LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 DECEMBER 2021

20. RELATED PARTY DISCLOSURES (continued)

d) Corporate Partners Limited

Common directorship

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Rent and rates payable	44,687	38,099	44,687	38,099
Creditor balance at balance sheet date	-	-	-	-