

Strategic Report, Report of the Directors and
Audited Financial Statements
for the Year Ended 31 March 2023
for
Atul Europe Ltd

Atul Europe Ltd

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Atul Europe Ltd

**Company Information
for the year ended 31 March 2023**

DIRECTORS:

Dr E Sharkey
J Collonge
V Koppaka

REGISTERED OFFICE:

Atul House
10 Oak Green
Earl Road
Cheadle
Cheshire
SK8 6QL

REGISTERED NUMBER:

03151975 (England and Wales)

AUDITORS:

Bennett Brooks & Co Ltd
Chartered Accountants
& Statutory Auditors
2 Maple Court
Davenport Street
Macclesfield
Cheshire
SK10 1JE

Atul Europe Ltd

Strategic Report for the year ended 31 March 2023

REVIEW OF BUSINESS

The performance of the business has been affected by the reduction in demand specifically in Para Cresol due to over stocking post pandemic, which resulted in 30% drop in sales. However the demand has improved in the first quarter of 2023-24 and we are expecting continuous orders to follow thereafter.

Polymer business has a sustained demand from the market and we expect to grow due to improved availability of raw materials.

The demand with respect to Textile sectors, where our Colours are used in the Health & care sectors, is maintained.

New trading businesses for Ortho Cresol has improved and expected to be maintained during 2023-24, also we have started new trading in Dimephyl Sebacate sourced from India.

PRINCIPAL RISKS AND UNCERTAINTIES

The main challenge remains the shortage of vessels for sea freight and shortage of raw materials and utilities to run the manufacturing activities. Significant increase in the crude oil price has fuelled the inflation globally and was made worse due to the ongoing war in Ukraine. There are still uncertainties with respect to foreign exchange currency rate. However we are expecting some stability in the market to control inflation and reduce volatility in the exchange market. We are expecting a better and constant demand as the market stabilises.

Liquidity risk and going concern

The Company finances its operations through retained profits and intercompany borrowings.

The Company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The Company have positive cash reserves, working capital and net current assets, this will further strengthen the financial stability of the company. Hence, there will be adequate cash headroom. The funding of the Company is principally through customer receivables as they fall due and intercompany balances from the Company's parent. The Company's ultimate parent has confirmed that the Company may flex repayments of the intercompany balances as required in order to meet its financial liabilities as they fall due and has confirmed that it will provide financial support to enable the Company to meet their financial commitments for a period of at least 12 months from the date of approval of the financial statements. On that basis we consider the going concern basis of preparation to be appropriate.

Interest rate risk

Interest bearing assets comprise cash and bank deposits, all of which earn interest at market rates. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on the financial performance of the Company.

Atul Europe Ltd
Strategic Report
for the year ended 31 March 2023

Credit risk

The Company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third-party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history. Company has a credit insurance policy with Euler Hermes for all its customers and follows the credit limits approved by them.

Price risk

Competitive pressures within the industry is a continuing risk for the Company which could result in losing sales to competitors. The Company manages the risk by maintaining strong relationships with customers and being an industry leader in its key products.

FUTURE PLANS

We will make changes as necessary in our market focus and development during 2023-24. There is significant extension in key products specific in Polymer business. The increased production capacity will improve the availability for the demand in sales and also the opportunities to acquire new business in Europe.

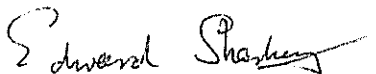
We are continuing to explore strategic partnerships in related sectors for our businesses.

Our efforts to develop sales of new products in existing markets and sales of existing products into the new markets will help us grow our market share further in Europe. We are continuing to explore sourcing new products from different markets to sell in Europe during 2023-24.

KEY PERFORMANCE INDICATORS

The Company's key performance indicators are turnover and gross profit margin. Although there is a decrease compared to 2021-22, however a healthy cash flow was maintained by customer receipts.

ON BEHALF OF THE BOARD:



Dr E Sharkey - Director
20 April 2023

Atul Europe Ltd

Report of the Directors
for the year ended 31 March 2023

The directors present their report with the Financial Statements of the Company for the year ended 31 March 2023.

DIVIDENDS

During the year the Company has distributed interim dividends of GBP 1,703,655 for the year ended 31 March 2023.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2022 to the date of this report.

Dr E Sharkey

J Collonge

V Koppaka

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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 company'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 company's auditors are aware of that information.

AUDITORS

The auditors, Bennett Brooks & Co Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



Dr E Sharkey - Director
20 April 2023

Independent auditors' report to the members of Atul Europe Ltd

Opinion

We have audited the financial statements of Atul Europe Ltd (the 'company') for the year ended 31 March 2023 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

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

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and the Directors' Report, but does not include the financial statements and our Independent Auditors' Report thereon.

Our opinion on the financial statements does not cover the other information and 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements, 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 auditors' report to the members of Atul Europe Ltd (continued)

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities 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 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.

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 Independent 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and regulations which govern the preparation of financial statements, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue, through management bias in manipulation of accounting estimates or accounting for significant transactions outside the normal course of business.

Audit procedures performed included:

- Enquiry of management around actual and potential litigation and claims and instances of non-compliance with laws and regulations;
- Auditing the risk of management override of controls, through testing journal entries and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing financial statement disclosures and agreeing to supporting documentation to assess compliance with applicable laws and regulations; and
- Review of board meeting minutes.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Independent auditors' report.

Independent auditors' report to the members of Atul Europe Ltd (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with our engagement letter dated 3 April 2023. 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 Independent 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 as a body, for our audit work, for this report, or for the opinions we have formed.

Bennett Brooks & Co Limited

Bennett Brooks & Co Limited
St George's Court
Winnington Avenue
Northwich
Cheshire
CW8 4EE
20 April 2023

Atul Europe Ltd
Income Statement
for the year ended 31 March 2023

		2023	2022
	Notes	£	£
TURNOVER	3	16,519,434	24,824,079
Cost of sales		<u>(15,670,127)</u>	<u>(23,473,103)</u>
GROSS PROFIT		849,307	1,350,976
Administrative expenses		<u>(587,151)</u>	<u>(485,832)</u>
		262,156	865,144
Other operating income		<u>-</u>	<u>-</u>
OPERATING PROFIT	5	262,156	865,144
Income from shares in group undertakings		<u>-</u>	<u>1,078,000</u>
PROFIT BEFORE TAXATION		262,156	1,943,144
Tax on profit	6	<u>(52,914)</u>	<u>(172,141)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>209,242</u></u>	<u><u>1,771,003</u></u>

Atul Europe Ltd

Other Comprehensive Income
for the year ended 31 March 2023

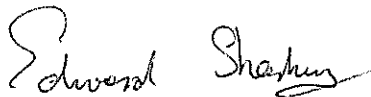
	Notes	2023 £	2022 £
PROFIT FOR THE YEAR		209,242	1,771,003
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>209,242</u>	<u>1,771,003</u>

Atul Europe Limited (Registered number: 03151975)

Balance Sheet
31 March 2023

	Notes	2023 £	2022 £
FIXED ASSETS			
Tangible assets	7	629,667	620,479
Investments	8	<u>1,012,043</u>	<u>925,086</u>
		<u>1,641,710</u>	<u>1,545,565</u>
CURRENT ASSETS			
Stocks	9	2,389,696	3,834,151
Debtors	10	2,551,919	7,378,069
Cash at bank and in hand		<u>886,079</u>	<u>1,024,101.00</u>
		5,827,694	12,236,321
CREDITORS			
Amounts falling due within one year	11	<u>(3,071,734)</u>	<u>(7,889,804)</u>
		2,755,960	4,346,517
NET CURRENT ASSETS			
		<u>2,755,960</u>	<u>4,346,517</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>4,397,670</u>	<u>5,892,082</u>
CAPITAL AND RESERVES			
Called up share capital	13	3,288,911	3,288,911
Retained earnings	14	<u>1,108,759</u>	<u>2,603,172</u>
SHAREHOLDERS' FUNDS			
		<u>4,397,670</u>	<u>5,892,083</u>

The financial statements were approved by the Board of Directors and authorised for issue on 20 April 2023 and were signed on its behalf by:



Dr E Sharkey - Director

Atul Europe Limited

Statement of Changes in Equity
for the year ended 31 March 2023

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2021	3,288,911	832,169	4,121,080
Changes in equity			
Total comprehensive income	<u>-</u>	<u>1,771,003</u>	<u>1,771,003</u>
Balance at 31 March 2022	<u>3,288,911</u>	<u>2,603,172</u>	<u>5,892,083</u>
Changes in equity			
Total comprehensive income	-	209,242	209,242
Dividends	<u>-</u>	<u>(1,703,655)</u>	<u>(1,703,655)</u>
Balance at 31 March 2023	<u><u>3,288,911</u></u>	<u><u>1,108,759</u></u>	<u><u>4,397,670</u></u>

Atul Europe Ltd

Cash Flow Statement
for the year ended 31 March 2023

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	1,851,216	445,986
Tax paid		<u>(170,772)</u>	<u>(75,601)</u>
Net cash from operating activities		<u>1,680,444</u>	<u>370,385</u>
Cash flows from investing activities			
Purchase of equity investment		(86,957)	-
Purchase of tangible fixed assets		<u>(27,854)</u>	<u>(608,287)</u>
Net cash used in investing activities		<u>(114,811)</u>	<u>(608,287)</u>
Cash used in financing activities			
Dividend paid		<u>(1,703,655)</u>	<u>-</u>
Net cash in financing activities		<u>(1,703,655)</u>	<u>-</u>
(Decrease)/increase in cash and cash equivalents		(138,022)	(237,902)
Cash and cash equivalents at beginning of year	2	<u>1,024,101</u>	<u>1,262,004</u>
Cash and cash equivalents at end of year	2	<u><u>886,079</u></u>	<u><u>1,024,101</u></u>

Atul Europe Ltd

Notes to the Cash Flow Statement
for the year ended 31 March 2023

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2023	2022
	£	£
Profit before taxation	262,156	1,943,144
Depreciation charges	18,666	19,118
Finance income	-	(1,078,000)
	<u>280,822</u>	<u>884,262</u>
(Increase)/decrease in stocks	1,444,456	(1,522,218)
(Increase)/decrease in trade and other debtors	4,862,971	(2,122,854)
Increase/(decrease) in trade and other creditors	<u>(4,737,033)</u>	<u>3,206,796</u>
Cash generated from operations	<u><u>1,851,216</u></u>	<u><u>445,986</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2023

	31.3.23	1.4.22
	£	£
Cash and cash equivalents	<u>886,079</u>	<u>1,024,101</u>

Year ended 31 March 2022

	31.3.22	1.4.21
	£	£
Cash and cash equivalents	<u>1,024,101</u>	<u>1,262,004</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2022	Cash flow	At 31 March 2023
	£	£	£
Net cash			
Cash at bank and in hand	<u>1,024,101</u>	(138,022)	<u>886,079</u>
	<u>1,024,101</u>	(138,022)	<u>886,079</u>
Total	<u><u>1,024,101</u></u>	<u>(138,022)</u>	<u><u>886,079</u></u>

Atul Europe Ltd

Notes to the Financial Statements for the year ended 31 March 2023

1 STATUTORY INFORMATION

Atul Europe Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2 ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" and applicable law.

The company has adopted the FRS 102 accounting policies and principles on a consistent basis. The principal policies are set out below:

The financial statements have been prepared on a going concern basis under the historical cost convention in accordance with the applicable law. The financial statements are presented in Sterling.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement are:

Carrying value of stocks - the condition of stock held is reviewed by the directors and provisions made where the expected selling price is lower than the purchase cost of the stock. This involves the use of judgement.

Going concern

The Company finances its operations through retained profits and intercompany borrowings.

The Company have positive cash reserves, working capital and net current assets. The Company has returned better cash flow and paid interim dividend to parent during 2022-23. However financial performance was not considered to be upto the mark, but this will improve further during 2023-24 which strengthen the financial stability of the Company. Hence, there will be adequate cash headroom. The funding of the Company is principally through customer receipts payable as they fall due and intercompany balances from the Company's parent. The Company's ultimate parent has confirmed that the Company may flex repayments of the intercompany balances as required in order to meet its financial liabilities as they fall due and has confirmed that it will provide financial support to enable the Company to meet their financial commitments for a period of at least 12 months from the date of approval of the financial statements. On that basis the Directors consider the going concern basis of preparation to be appropriate.

Atul Europe Ltd

Notes to the Financial Statements - continued for the year ended 31 March 2023

Preparation of consolidated financial statements

The financial statements contain information about Atul Europe Ltd as an individual company and do not contain consolidated financial information as the parent of a group.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales and is recognised when the significant risks and rewards of the ownership have been transferred. This tends to be as follows:

- I) For sales from the UK - on despatch from the warehouse.
- II) For direct sales from India - on delivery to the destination port.

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	-	2% on cost
Equipment	-	25% on cost
Fixtures and fittings	-	15% on reducing balance
Motor vehicles	-	25% on reducing balance

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Stocks

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date.

Atul Europe Ltd

Notes to the Financial Statements - continued for the year ended 31 March 2023

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Distributions to equity holders

Dividends to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Investments

Investments in subsidiary companies are held at cost less accumulated impairment losses.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds. Any differences between the nominal value of shares cancelled as part of a capital reduction and cash proceeds, is credited to retained earnings

Atul Europe Ltd

Notes to the Financial Statements - continued
for the year ended 31 March 2023

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2023	2022
	£	£
United Kingdom	1,596,589	2,908,310
Europe	14,833,025	21,343,062
Rest of the world	89,820	572,707
	<u>16,519,434</u>	<u>24,824,079</u>

4. EMPLOYEES AND DIRECTORS

	2023	2022
	£	£
Wages and salaries	251,360	245,978
Social security costs	30,982	28,073
Other pension costs	5,550	4,994
	<u>287,892</u>	<u>279,045</u>

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

	2023	2022
Sales	3	2
Office	3	3
	<u>6</u>	<u>5</u>

	2023	2022
	£	£
Directors' remuneration	-	-

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2023	2022
	£	£
Depreciation - owned assets	18,666	19,118
Loss on disposal of fixed assets	-	-
Auditors' remuneration	10,949	18,500
Auditors' remuneration for other assurance work	11,250	10,500
Auditors' remuneration for non-audit work	4,310	9,959
Foreign exchange differences	(171,185)	(28,780)
Operating lease rentals	-	3,166
	<u>-</u>	<u>3,166</u>

Atul Europe Ltd

Notes to the Financial Statements - continued
for the year ended 31 March 2023

6. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2023	2022
	£	£
Current tax:		
UK corporation tax	43,188	171,632
Overprovision in prior year	9,726	509
	<hr/>	<hr/>
Tax on profit	52,914	172,141
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained

	2023	2022
	£	£
Profit before tax	262,156	1,943,144
	<hr/>	<hr/>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	49,810	369,197
Effects of:		
Expenses not deductible for tax purposes	-	7,255
Income not taxable for tax purposes	-	(204,820)
Deferred tax not recognised	(6,622)	-
Prior year adjustment	9,726	509
	<hr/>	<hr/>
Total tax charge	52,914	172,141
	<hr/> <hr/>	<hr/> <hr/>

Tax rate changes

In the Budget 2020, the government announced that the corporation tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from 1 April 2023.

Atul Europe Ltd

Notes to the Financial Statements - continued
for the year ended 31 March 2023

7. TANGIBLE FIXED ASSETS

	Freehold property	Equipment	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£	£
COST					
At 1 April 2022	608,287	42,095	29,446	32,064	711,892
Additions	27,037	817	-	-	27,854
At 31 March 2023	635,324	42,912	29,446	32,064	739,746
DEPRECIATION					
At 1 April 2022	6,077	39,940	21,386	24,010	91,413
Charge for year	12,585	2,314	1,753	2,014	18,666
At 31 March 2023	18,662	42,254	23,139	26,024	110,079
NET BOOK VALUE					
At 31 March 2023	616,662	658	6,307	6,040	629,667
At 31 March 2022	602,210	2,155	8,060	8,054	620,479

8. FIXED ASSET INVESTMENTS

	Unlisted investments
	£
COST	
At 1 April 2022	925,086
Addition	86,957
At 31 March 2023	1,012,043
NET BOOK VALUE	
At 31 March 2023	1,012,043
At 31 March 2022	925,086

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Entity Name	Atul Ireland Ltd	DPD Ltd
Registered office:	Suite 24 Anglesea House 63 Caryfort Avenue Blackrock Co Dublin A94X209	Ham Street, Baltonsborough, Glastonbury, Somerset, BA6 8QG
Nature of business:	Trading sales	Horticulture and cultivation
Class of shares:	Ordinary	Ordinary
% holding	100%	98%
	2023	2023
	€	€
Aggregate capital and reserves	64,527	5,297,090
Profit for the year	(8,452)	3,970,450
		1,326,640
		1,571,574

Atul Europe Ltd

Notes to the Financial Statements - continued
for the year ended 31 March 2023

9. STOCKS

	2023	2022
	£	£
Stocks	2,389,696	3,834,151

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade debtors	2,190,542	5,862,921
Amounts due from group undertakings	88,767	1,149,377
Tax	36,821	-
Prepayments & accrued income	5,817	8,905
Amounts due from parent undertaking	229,972	356,866
	<u>2,551,919</u>	<u>7,378,069</u>

Amounts due from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	122,571	55,938
Corporation tax payable	-	81,037
Social security & other taxes	6,842	5,072
VAT	90,821	170,552
Other creditors	209,423	10,589
Amounts due to parent undertaking	2,211,319	6,779,820
Amount due to group undertaking	141,550	155,976
Accruals & deferred income	289,208	630,820
	<u>3,071,734</u>	<u>7,889,804</u>

Amounts due from group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2023	2022
	£	£
Within one year	2,100	2,100

Atul Europe Ltd

Notes to the Financial Statements - continued
for the year ended 31 March 2023

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023	2022
			£	£
3,288,911	Ordinary	£1	<u>3,288,911</u>	<u>3,288,911</u>

14. RESERVES

	Retained earnings
	£
At 1 April 2022	2,603,172
Profit for the year	209,242
Dividend	<u>(1,703,655)</u>
At 31 March 2023	<u>1,108,759</u>

15. ULTIMATE PARENT COMPANY

- The ultimate parent company is Atul Limited which is based in India. For both periods the parent company held all of the issued share capital of Atul Europe Limited. They prepare group accounts every year. Copies can be obtained from the registered office: Atul House, G I Patel Marg, Ahmedabad 380 014, Gujarat, India.

16. CONTINGENT LIABILITIES

The company has guaranteed up to a maximum of £ 75,000 of the overdraft facility of its subsidiary DPD Ltd.

17. RELATED PARTY DISCLOSURES

Entities with control, joint control or significant influence over the entity:

Atul Ltd:

Parent company, registered in India

During the year, purchases were made from Atul Ltd totalling £ 12,765,067 (2022: £ 24,846,770), and commissions totalling £ 202,533 (2022: £ 276,233) were charged. At the year end, a balance of £ 1,981,347 (2022: £ 6,422,955) was due to Atul Ltd, no dividends were included in this amount (2022: £ nil).

Entities over which the entity has control, joint control or significant influence:

DPD Ltd:

Subsidiary company

During the year, a management fee of £ 102,620 (2022: £ 97,734) was invoiced to DPD Ltd for services provided during the year. No balance was owed from DPD Ltd as at the balance sheet date (2022: £ nil).

Atul Europe Ltd

Notes to the Financial Statements - continued for the year ended 31 March 2023

RELATED PARTY DISCLOSURES - continued

At the year end, a balance of £ nil was outstanding in respect to dividends (2022: £ 1,078,000).

Atul Ireland Ltd:

Subsidiary company

During the year, the company paid invoices on behalf of Atul Ireland totalling £ nil (2022: £ 25,000). The balances outstanding in respect of these invoices at year end were £ 43,935 (2022: £ 47,174).

During the year, sales of £ 8,775 (2022: nil)were made to Atul Ireland Ltd. At the year end there was £ 8,775 outstanding in respect of these invoices.

Other related parties:

During the year, the company paid invoices on behalf of Atul Deutschland GmbH totalling £ 10,637 (2022: £4,213). The balances outstanding in respect of these invoices at year end were £ 36,057 (2022: £ 24,201).

During the year, purchases of £ 330,725 (2022: £ 299,291) were made from Atul USA Inc. At the year end there was £ 141,586 outstanding in respect of these invoices (2022: £ 155,976).

The Directors consider key management to be the company directors.

18. ULTIMATE CONTROLLING PARTY

The directors consider there to be no ultimate controlling party, given the listed nature of the ultimate parent.

Atul Europe Ltd

Trading and Profit and Loss Account
for the year ended 31 March 2023

	£	2023 £	£	2022 £
Turnover				
Sales	16,416,814		24,726,345	
Management services	<u>102,620</u>		<u>97,734</u>	
		16,519,434		24,824,079
Cost of sales				
Opening stock	3,834,151		2,311,933	
Purchases	13,731,799		24,594,270	
Carriage & duty	<u>493,873</u>		<u>401,051</u>	
	18,059,823		27,307,254	
Closing stock	<u>(2,389,696)</u>		<u>(3,834,151)</u>	
		<u>15,670,127</u>		<u>23,473,103</u>
GROSS PROFIT		849,307		1,350,976
Other income				
Government grants	-		-	
Shares in group undertakings	-		1,078,000	
		<u>-</u>		<u>1,078,000</u>
		849,307		2,428,976
Expenditure				
Rent, rates & service charges	5,642		26,214	
Insurance	35,527		34,437	
Light & heat	7,161		1,961	
Wages	251,360		245,978	
Social security	30,982		28,073	
Pensions	5,550		4,994	
Telephone & postage	8,865		7,679	
Printing, stationery & adverts	6,217		2,996	
Travelling	34,290		474	
Motor expenses	2,678		2,690	
Sundries & cleaning	89,372		16,330	
Computer consumables	14,614		8,713	
Commission paid	11,408		69,832	
Legal & professional	14,230		333	
Auditors' remuneration	10,949		18,500	
Auditors' remuneration for other assurance work	11,250		10,500	
Auditors' remuneration for non audit work	4,310		9,959	
Foreign exchange loss (gain)	(171,185)		(28,780)	
Bad debts and provision for doubtful debts	<u>181,057</u>		<u>6,707</u>	
		<u>554,277</u>		<u>467,590</u>
Carried forward		295,030		1,961,386

Atul Europe Ltd

Trading and Profit and Loss Account
for the year ended 31 March 2023

	2023		2022	
	£	£	£	£
Brought forward		295,030		1,961,386
Finance costs				
Bank charges & interest		<u>14,208</u>		<u>(876)</u>
		280,822		1,962,262
Depreciation				
Freehold property	12,585		6,077	
Plant and machinery	2,314		8,934	
Fixtures and fittings	1,753		1,422	
Motor vehicles	<u>2,014</u>		<u>2,685</u>	
		<u>18,666</u>		<u>19,118</u>
NET PROFIT		<u><u>262,156</u></u>		<u><u>1,943,144</u></u>