

**Strategic Report, Report of the Directors and
Audited Financial Statements
for the Year Ended 31 March 2020
for
Atul Europe Limited**

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for the year ended 31 March 2020**

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Atul Europe Limited
Company Information
for the year ended 31 March 2020

DIRECTORS: Dr E Sharkey
S Nabar
J Collonge

REGISTERED OFFICE: 1st Floor, Office Suite 1B, Dean Row Ct.
Summerfields Village Centre
Dean Row Road
Wilmslow
Cheshire
SK9 2TB

REGISTERED NUMBER: 03151975 (England and Wales)

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

**Strategic Report
for the year ended 31 March 2020**

The directors present their strategic report for the year ended 31 March 2020.

REVIEW OF BUSINESS

During the current year, the business of the Company has grown in every area, due to higher demand in the Textile, Epoxy Resins and related Specialty Chemicals sectors. Aromatics Business was adversely affected due to lower GDP growth of various EU countries.

Due to the Covid-19 pandemic, the demand with respect to Textile sectors, where our Colours are used in the Health & care sectors, significantly surged. A number of our customers in Italy and the UK are manufacturing face masks and other PPE (Personal Protective Equipment) including gowns and hand gloves. This is expected to continue during the next two quarters of 2020-21 and beyond depending on the Covid-19 situation globally.

Business in our Polymer division has shown an increase due to new trading opportunities.

The gross profit over the period (2019-20) has increased overall. However, in view of the business disruption on account of Covid-19, we expect some adverse impact for the first two quarters and beyond during 2020-21. We will review the status of our sales budget and profit forecast for the year 2020-21 after Sept'20.

PRINCIPAL RISKS AND UNCERTAINTIES

The Covid-19 status and its impact in the short term and medium term will determine the turnover and profitability during 2020-21. In addition to Covid-19, uncertainty in foreign exchange currency rates due to BREXIT, and anticipated global / EU recession resulting into low GDP growth rates in the EURO zone are the main factors, which will affect the growth and profitability of the operations. In view of this, we expect the demand for our products to be lower during 2020-21.

Liquidity risk

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

The Company seeks to manage financial risk by ensuring 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. However, in view of the uncertainties noted to both the general chemicals sector and the Company around the impact of Covid-19, forecast downside scenarios have been performed to consider the impact on cash reserves. These forecasts show that over the following 12 months from the date of signature of these financial statements 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.

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.

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.

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.

Atul Europe Limited

**Strategic Report
for the year ended 31 March 2020**

FUTURE PLANS

We will make changes as necessary in our market focus and development during 2020-21, in view of the Covid-19. However, we are expecting during 2020-21, new products' approvals in MFRs (Multi-Functional Resins) for Aero Space sector and R F Resins & related products in Rubber Chemicals sector in Europe, and we expect to see commercial sales during 2020-21.

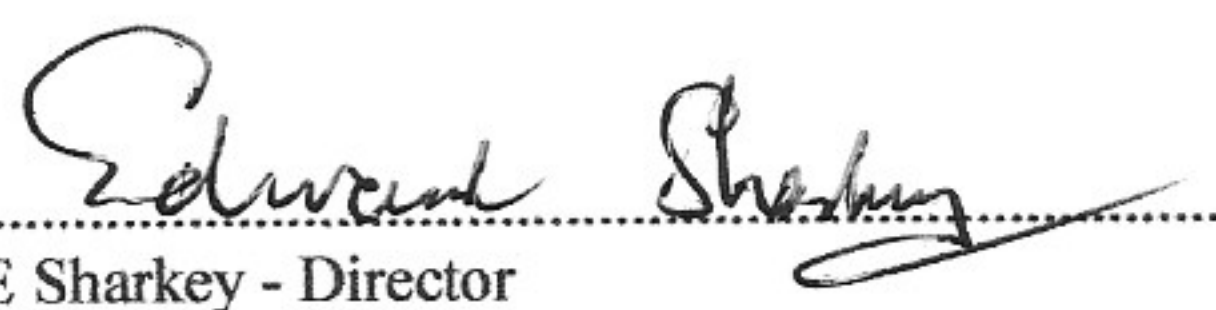
We are continuing to explore a joint venture for the AR division. Our plans are to explore strategic partnerships in related areas in our different businesses.

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 looking to grow our business in Nordic countries and Eastern Europe during 2020-21.

KEY PERFORMANCE INDICATORS

The Company's key performance indicators are turnover and gross profit margin. Turnover decreased slightly in the year; however the gross margin has improved to 4.8% (2019: 3.3%).

ON BEHALF OF THE BOARD:


.....
Dr E Sharkey - Director

Date: 24/4/2020.....

**Report of the Directors
for the year ended 31 March 2020**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2020.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2020.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

Dr E Sharkey

S Nabar

J Collonge

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 group and parent company 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 group and the company 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;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the shareholders in writing about the use of disclosure exemptions, if any, or FRS 102 used in the preparation of 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

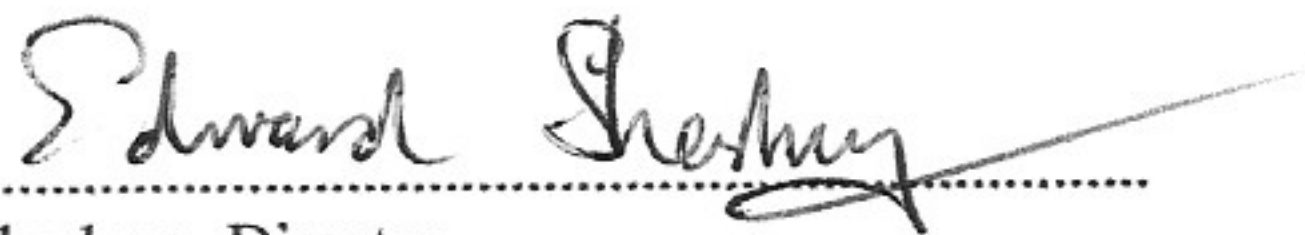
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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.

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

Date: 24/4/2020

Report of the Independent Auditors to the Members of Atul Europe Limited

Opinion

We have audited the financial statements of Atul Europe Limited (the 'company') for the year ended 31 March 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 relating to going concern

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

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

Other information

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

**Report of the Independent Auditors to the Members of
Atul Europe Limited**

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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 a Report of the Auditors 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.



Jason Leach (Senior Statutory Auditor)
for and on behalf of Bennett Brooks & Co Ltd
Chartered Accountants
& Statutory Auditors
2 Maple Court
Davenport Street
Macclesfield
Cheshire
SK10 1JE

Date:

24 April 2020

Atul Europe Limited (Registered number: 03151975)

**Income Statement
for the year ended 31 March 2020**

	Notes	2020 £	2019 £
TURNOVER	3	23,309,885	23,476,982
Cost of sales		(22,181,567)	(22,709,997)
GROSS PROFIT		1,128,318	766,985
Administrative expenses		(561,284)	(545,083)
OPERATING PROFIT and PROFIT BEFORE TAXATION		567,034	221,902
Tax on profit	6	(104,182)	(42,932)
PROFIT FOR THE FINANCIAL YEAR		462,852	178,970

The notes form part of these financial statements

Atul Europe Limited (Registered number: 03151975)

**Other Comprehensive Income
for the year ended 31 March 2020**

	2020	2019
Notes	£	£
PROFIT FOR THE YEAR	462,852	178,970
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>462,852</u>	<u>178,970</u>

The notes form part of these financial statements

Atul Europe Limited (Registered number: 03151975)

Company Balance Sheet
31 March 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Intangible assets	9	-	-
Tangible assets	10	44,972	45,320
Investments	11	925,086	925,086
		<u>970,058</u>	<u>970,406</u>
CURRENT ASSETS			
Stocks	12	2,722,500	2,627,556
Debtors	13	6,546,366	5,846,376
Cash at bank and in hand		145,388	913,825
		<u>9,414,254</u>	<u>9,387,757</u>
CREDITORS			
Amounts falling due within one year	14	(6,271,836)	(6,708,539)
		<u>3,142,418</u>	<u>2,679,218</u>
NET CURRENT ASSETS			
		<u>3,142,418</u>	<u>2,679,218</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,112,476</u>	<u>3,649,624</u>
CAPITAL AND RESERVES			
Called up share capital	20	3,288,911	3,288,911
Retained earnings	21	823,565	360,713
		<u>4,112,476</u>	<u>3,649,624</u>
SHAREHOLDERS' FUNDS		<u>4,112,476</u>	<u>3,649,624</u>
Company's profit for the financial year		<u>462,852</u>	<u>178,970</u>

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

24 April 2020 and were

Edward Sharkey

Dr E Sharkey - Director

The notes form part of these financial statements

Atul Europe Limited (Registered number: 03151975)

**Statement of Changes in Equity
for the year ended 31 March 2020**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2018	3,288,911	181,743	3,470,654
Changes in equity			
Total comprehensive income	-	178,970	178,970
Balance at 31 March 2019	<u>3,288,911</u>	<u>360,713</u>	<u>3,649,624</u>
Changes in equity			
Total comprehensive income	-	462,852	462,852
Balance at 31 March 2020	<u><u>3,288,911</u></u>	<u><u>823,565</u></u>	<u><u>4,112,476</u></u>

The notes form part of these financial statements

Atul Europe Limited (Registered number: 03151975)

**Cash Flow Statement
for the year ended 31 March 2020**

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	(661,438)	348,149
Tax paid		(89,118)	(98)
Net cash from operating activities		<u>(750,556)</u>	<u>348,051</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(17,910)	(31,777)
Sale of tangible fixed assets		29	-
Net cash from investing activities		<u>(17,881)</u>	<u>(31,777)</u>
(Decrease)/increase in cash and cash equivalents		<u>(768,437)</u>	<u>316,274</u>
Cash and cash equivalents at beginning of year	2	913,825	597,551
Cash and cash equivalents at end of year	2	<u>145,388</u>	<u>913,825</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the year ended 31 March 2020

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

	2020	2019
	£	£
Profit before taxation	567,034	221,902
Depreciation charges	17,587	12,763
Loss on disposal of fixed assets	642	-
	<u>585,263</u>	<u>234,665</u>
(Increase)/decrease in stocks	(94,944)	239,448
(Increase)/decrease in trade and other debtors	(699,990)	136,976
Decrease in trade and other creditors	(451,767)	(262,940)
	<u>(661,438)</u>	<u>348,149</u>
Cash generated from operations	<u>(661,438)</u>	<u>348,149</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 2020

	31.3.20	1.4.19
	£	£
Cash and cash equivalents	<u>145,388</u>	<u>913,825</u>

Year ended 31 March 2019

	31.3.19	1.4.18
	£	£
Cash and cash equivalents	<u>913,825</u>	<u>597,551</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.19	Cash flow	At 31.3.20
	£	£	£
Net cash			
Cash at bank and in hand	<u>913,825</u>	<u>(768,437)</u>	<u>145,388</u>
	<u>913,825</u>	<u>(768,437)</u>	<u>145,388</u>
Total	<u>913,825</u>	<u>(768,437)</u>	<u>145,388</u>

**Notes to the Financial Statements
for the year ended 31 March 2020**

1. STATUTORY INFORMATION

Atul Europe Limited 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" (March 2018) and the Companies Act 2006.

The company has adopted the FRS 102 accounting policies and principles on a consistent basis from the date of transition. 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 Companies Act 2006. 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 a mixture of retained profits and intercompany balances provided by the Company's parent.

The Company's forecast and projections, taking into account reasonably possible changes in trading performance, including the potential impact from the Covid-19 pandemic, and taking account of the written support letter received from the Company's parent, show that the Company should be able to operate within its level of cash resources for a period of at least 12 months from the date of signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

The Company's ultimate parent has confirmed to the directors that its present intention is to provide financial support for at least 12 months from the date of these accounts to enable the company to continue to meet its financial obligations.

Preparation of consolidated financial statements

The financial statements contain information about Atul Europe Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Atul Limited, Atul House, G I Patel Marg, Ahmedabad 380 014, Gujarat, India.

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.

Notes to the Financial Statements - continued
for the year ended 31 March 2020

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

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.

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

Notes to the Financial Statements - continued
for the year ended 31 March 2020

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:

	2020	2019
	£	£
United Kingdom	2,013,726	1,010,152
Europe	21,199,133	21,768,060
Rest of the world	97,026	698,770
	<u>23,309,885</u>	<u>23,476,982</u>

4. **EMPLOYEES AND DIRECTORS**

	2020	2019
	£	£
Wages and salaries	281,033	265,352
Social security costs	49,144	40,886
Other pension costs	4,815	3,818
	<u>334,992</u>	<u>310,056</u>

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

	2020	2019
Sales	3	3
Office	3	3
	<u>6</u>	<u>6</u>

	2020	2019
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

5. **OPERATING PROFIT**

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

	2020	2019
	£	£
Depreciation - owned assets	17,588	12,763
Loss on disposal of fixed assets	-	-
Auditors' remuneration	12,275	12,275
Auditors' remuneration for other assurance work	11,410	-
Auditors' remuneration for non-audit work	6,622	4,520
Foreign exchange differences	(74,666)	(13,918)
Operating lease rentals	<u>12,800</u>	<u>12,800</u>

Notes to the Financial Statements - continued
for the year ended 31 March 2020

6. TAXATION

Analysis of the tax charge

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

	2020 £	2019 £
Current tax:		
UK corporation tax	107,471	42,932
Overprovision in prior year	(3,289)	-
	<u>104,182</u>	<u>42,932</u>
Tax on profit	<u>104,182</u>	<u>42,932</u>

Reconciliation of total tax charge included in profit and loss

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

	2020 £	2019 £
Profit before tax	<u>567,034</u>	<u>221,902</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	107,736	42,161
Effects of:		
Expenses not deductible for tax purposes	501	448
Deferred tax not recognised	(766)	323
Overprovision of tax charge	(3,289)	-
Total tax charge	<u>104,182</u>	<u>42,932</u>

7. TANGIBLE FIXED ASSETS

	Equipment £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 April 2019	58,288	19,806	32,064	110,158
Additions	8,270	9,640	-	17,910
Disposals	(24,637)	-	-	(24,637)
At 31 March 2020	<u>41,921</u>	<u>29,446</u>	<u>32,064</u>	<u>103,431</u>
DEPRECIATION				
At 1 April 2019	35,544	16,322	12,972	64,838
Charge for year	10,845	1,969	4,773	17,587
Eliminated on disposal	(23,966)	-	-	(23,966)
At 31 March 2020	<u>22,423</u>	<u>18,291</u>	<u>17,745</u>	<u>58,459</u>
NET BOOK VALUE				
At 31 March 2020	<u>19,498</u>	<u>11,155</u>	<u>14,319</u>	<u>44,972</u>
At 31 March 2019	<u>22,744</u>	<u>3,484</u>	<u>19,092</u>	<u>45,320</u>

Notes to the Financial Statements - continued
for the year ended 31 March 2020

8. **FIXED ASSET INVESTMENTS**

	Unlisted investments £
COST	
At 1 April 2019 and 31 March 2020	925,086
NET BOOK VALUE	
At 31 March 2020	925,086
At 31 March 2019	925,086

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

D.P.D. Limited

Registered office: Ham Street, Baltonsborough, Glastonbury, Somerset, BA6 8QG

Nature of business: Horticulture and cultivation

Class of shares:	% holding	2020	2019
		£	£
Ordinary	98.00		
Aggregate capital and reserves		2,532,648	1,969,455
Profit for the year		563,193	373,537

9. **STOCKS**

	2020	2019
	£	£
Stocks	2,722,500	2,627,556

10. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade debtors	6,275,555	5,487,081
Commission due from parent undertaking	9,021	61,175
Amounts due from group undertakings	126,299	10,680
VAT	15,902	66,623
Prepayments & accrued income	11,236	17,603
Amounts due from parent undertaking	108,353	203,214
	6,546,366	5,846,376

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

Notes to the Financial Statements - continued
for the year ended 31 March 2020

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	209,566	182,297
Corporation tax payable	60,471	45,407
Social security & other taxes	10,949	13,082
Other creditors	10,589	9,176
Amounts due to parent undertaking	5,392,361	5,553,499
Amount due to group undertakings	88,802	78,071
Accruals & deferred income	499,098	827,007
	<u>6,271,836</u>	<u>6,708,539</u>

Amounts due to 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:

	2020	2019
	£	£
Within one year	14,900	17,600
Between one and five years	-	12,800
	<u>14,900</u>	<u>30,400</u>

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£	£
3,288,911	Ordinary	£1	<u>3,288,911</u>	<u>3,288,911</u>

14. RESERVES

	Retained earnings
	£
At 1 April 2019	360,713
Profit for the year	<u>462,852</u>
At 31 March 2020	<u>823,565</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 D.P.D. Limited.

Notes to the Financial Statements - continued
for the year ended 31 March 2020

17. **RELATED PARTY DISCLOSURES**

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

Atul Limited:

Parent company, registered in India

During the year, purchases were made from Atul Ltd totalling £21,103,247 (2019: £21,947,694), and commissions totalling £384,174 (2019: £232,764) were charged. At the year end, a balance of £5,284,008 (2019: £5,350,285) was due to Atul Ltd, no dividends were included in this amount (2019: £nil).

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

DPD Limited:

Subsidiary company

During the year, a management fee of £88,647 (2019: £84,426) was invoiced to DPD Limited for services provided during the year. A balance of £106,377 was owed from DPD Limited as at the balance sheet date.

At the year end, no balance of was outstanding in respect to dividends (2019: £nil). No dividend was declared in 2020 (2019: £nil).

Other related parties:

During the year, the company paid invoices on behalf of Atul Deutschland GmbH totalling £5,595 and Atul Ireland totalling £3,170. The balances outstanding in respect of these invoices at year end were £16,752 (2019: £11,157) and £3,170 (2019: nil) respectively.

During the year, purchases of £28,311 were made from Atul USA Inc. (2019: nil). At the year end there was no balance outstanding in respect of these invoices.

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.