Remmers (UK) Limited

Annual report and financial statements

for the year ended 31 December 2021

Registered Number 02363352

Remmers (UK) Limited

Annual report and financial statements for the year ended 31 December 2021

Contents

Directors' report for the year ended 31 December 2021

The directors presents the report and the audited financial statements of the company for the year ended 31 December 2021.

Review of business and future developments

In 2021 the company achieved turnover of £6,534,253 (2020: £6,103,182) and a profit before taxation of £352,477 (2020: loss of £224,073).

2021 was another extremely challenging year. Following the uncertainty after Brexit there were difficulties importing goods from our parent company in Loeningen for the first couple of months of the year as the hauliers struggled with the new post-Brexit rules. However, through good planning in late 2020, we ensured that the capacity of the UK warehouse was fully utilised by the end of 2020, in order to minimise disruption for our customers.

This combined with the continued disruption throughout the economy as a result of COVID-19 lockdown at the beginning of the year and meant that in order to avoid high levels of disruption for our customers, our ways of working as a business needed to evolved further. Through strong leadership from the UK management team we ensured that any such disruption was kept to an absolute minimum and the health and safety of our staff and any customers that we interacted with on an absolutely essential basis was our top priority throughout this period.

Despite such challenges we continued to achieve strong results in the development of our industrial joinery coatings business and the planned investments in new personnel continued and additional new business was secured. This performance was also achieved in our German parent company with extremely strong sales during the COVID-19 lockdowns – mainly in the retail wood coatings sector.

In addition to this, the parent company in Loeningen, Germany was targeted by a Cyber-attack in March 2021 and caused business interruption and impacted all of the IT systems at Head Office, resulting in the suspension of production, logistics and core operations together with the temporary unavailability of the ERP system. Whilst this did not directly impact the IT systems of Remmers (UK) Limited, it still caused disruption to the UK operation throughout March 2021 and into May 2021.

The global raw material crisis during Q2 through to the remainder of the year was the main cause of the company not achieving of our planned sales turnover and profitability for 2021. Due to the huge increases in raw material costs as a result of force majures, COVID-19 lockdowns, disruption in Asia, huge demand in America and massive shortages of shipping containers to amongst a numbers of other factors meant that this period was very uncertain for the construction chemicals market. Strong planning centrally in Remmers is again the key to try and mitigate disruption to our customers in the supply of materials although it is certain that shortages will be experienced in the resin flooring and industrial joinery coatings sectors. The availability of raw materials market stabilised in early 2022. In combination with this, a number of our coatings were adapted and modified to reduce the reliance on specific raw materials.

Despite such challenges we continued to achieve strong results in the development of our building protection and waterproofing business and the planned investments in new personnel continued plus additional new business was secured.

The targets for sales turnover and gross profit for 2021 were very challenging and they were based upon achieving a substantial increase in sales in the external joinery coatings market as well as another strong year of sales of our flooring products. However, the raw materials crisis was detrimental to achieving this.

The start to 2022 proved more positive and whilst difficulties still exist there have been strong sales in flooring products, however the external joinery coatings market continues to be demanding.

Directors' report for the year ended 31 December 2021 (continued)

Review of business and future developments (continued)

Additionally, the war in Ukraine has further impacted raw material prices and the rise of fuel and energy prices has significantly impacted the cost of certain products and transport.

Financial risk management

The Company's activities expose it to a limited number of financial risks which it aims to manage on a day to day basis.

Liquidity Risk

As part of a group the company passes surplus funds to its parent company, preparing regular cash flow forecasts and only retaining sufficient cash to meet its operating needs. Any short term cash requirements would be met by the group.

Exchange Rate Risk

The company purchases products for resale from its parent company in British Pounds at a daily floating exchange rate, thereby exposing it to exchange rate risk. The company closely monitors the cost of products in order to assess the impact of exchange rate fluctuations on profitability.

Credit Risk

All customers that wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts where necessary.

Dividends

Dividends of £nil were paid during the year (2020: £330,000)

Going Concern

The Company has the continued support of the Group, which has been confirmed through a letter of support. The directors have undertaken due process to ensure the Company is able to rely upon this support as they understand that there are no material financial implications to the operations that would impact on the ability of the Group to provide the necessary support following the impact of COVID-19.

Directors

The directors of the company who was in office during the year and up to the date of signing the financial statements, unless otherwise stated, were:

Steve Dunn (resigned 28 August 2021
Adelbrecht Kornelis (appointed 18 June 2021)
Nicholas Lord (appointed 28 August 2021)

Directors' report for the year ended 31 December 2021 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' report for the year ended 31 December 2021 (continued)

Small companies exemption

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

This report was approved on behalf of the board on 27 September 2022

N J Lord

Nicholas Lord
Director

REMMERS (UK) LIMITED
Company Number 02363352

Independent auditors' report to the members of Remmers (UK) Limited

Opinion

We have audited the financial statements of Remmers (UK) Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 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 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 themselves.

Independent auditors' report to the members of Remmers (UK) Limited (continued)

Other information (continued)

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of Remmers (UK) Limited (continued)

Auditors' responsibilities for the audit of the financial statements

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

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, and employment law. 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 preparation of the financial statements such as the Companies Act 2006 and taxation legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. 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 or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements such as bad debt provision and stock valuation. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud, and review of the reports made by management; and
- Assessment of identified fraud risk factors; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- Review ageing of debtors and comparison with group provision policy.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

Independent auditors' report to the members of Remmers (UK) Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of this 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.

Kreston Reeves LLP

Allan Pinner FCCA (Senior Statutory Auditor)
for and on behalf of
Kreston Reeves LLP
Statutory Auditor
Chartered Accountants
Chichester

Date: 27 September 2022

Statement of Income and Retained Earnings for the year ended 31 December 2021

	Note	2021	2020
		£	£
Turnover	2	**6,534,253**	6,103,182
Cost of sales		**(4,422,972)**	(4,114,499)
Gross profit		**2,111,281**	1,988,683
Administrative expenses		**(1,758,804)**	(2,230,128)
Other operating income	3	**-**	17,372
Profit/(loss) before taxation	3	**352,477**	(224,073)
Tax on profit/(loss)	6	**(69,730)**	40,913
Profit/(loss) for the financial year		**282,747**	(183,160)
Profit and loss account as at 1 January		**(315,296)**	197,864
Dividends	7	**-**	(330,000)
Profit and loss account as at 31 December		**(32,549)**	(315,296)

All results relate to continuing operations.

The notes on pages 11 to 25 form part of these financial statements.

Balance Sheet as at 31 December 2021

	Note	2021	2020
		£	£
Fixed assets			
Tangible assets	8	**34,994**	91,312
Current assets			
Stocks	9	**542,533**	638,929
Debtors	10	**2,011,427**	1,138,415
Cash at bank and in hand		**282,879**	1,239,505
		2,836,839	3,016,849
Creditors: amounts falling due within one year	11	**(544,350)**	(1,063,193)
Net current assets		**2,292,489**	1,953,656
Total assets less current liabilities		**2,327,483**	2,044,968
Provisions for liabilities	12	**-**	(232)
Net assets		**2,327,483**	2,044,736
Capital and reserves			
Called up share capital	13	**2,360,032**	2,360,032
Profit and loss account		**(32,549)**	(315,296)
Total shareholders' funds		**2,327,483**	2,044,736

The financial statements from page 9 to 25 were approved by the Board Directors on 27 September 2022 and signed on its behalf by:

N Lord

Nicholas Lord
Director
Company number 02363352

Notes to the financial statements for the year ended 31 December 2021

1 Accounting policies

General information

The Company is a private limited company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Unit 4 Lloyds Court, Manor Royal, Crawley, West Sussex, RH10 9QU.

The Company's principal activity during the year continued to be that of the supply of chemicals and materials to the building and related industries.

Statement of compliance

The financial statements of Remmers (UK) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

Going concern

At 31 December 2021, the Company had net current assets and net assets, including cash at bank and in hand of £282,879 (2020: £1,239,499).

The Company has the continued support of the Group, which has been confirmed through a letter of support. The directors have undertaken due process to ensure the Company is able to rely upon this support as they understand that there are no material financial implications to the operations that would impact on the ability of the Group to provide the necessary support following the impact of COVID-19.

The directors believe that preparing the financial statements on a going concern basis is appropriate based on this support and the trading and liquidity forecasts and projections that represent the directors' best estimate of the anticipated future performance of the company for a period of at least 12 months from the date of approval of these financial statements.

1 Accounting policies (continued)

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. Remmers (UK) Limited is a qualifying entity as its results are consolidated into the consolidated financial statements of Remmers AG which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions:

(i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;

(ii) from the requirement to present financial instrument disclosures, as required by FRS 102 paragraphs 11.39 to 11.48A, paragraphs 12.26 and 12.29;

(iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv);

(iv) from the requirement to disclose the key management personnel compensation in total as required by FRS 102 paragraph 33.7.

Turnover

Turnover represents the value, net of value added tax and discounts, of goods provided to customers and is recognised on despatch when the right to consideration has been earned.

Government Grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The group has not directly benefited from any other forms of government assistance.

1 Accounting policies (continued)

Tangible assets and depreciation

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. 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.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and included within the operating profit.

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives. It is calculated on a straight-line basis over the following period:

Plant, machinery and computer equipment	10%, 20% and 30% straight line

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Notes to the financial statements for the year ended 31 December 2021

1 Accounting policies (continued)

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior financial years. A reversal of an impairment loss is recognised in the statement of income and retained earnings.

Operating leases

(i) Operating leased assets
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of income and retained earnings on a straight-line basis over the period of the lease.

(ii) Lease incentives
Incentives received to enter into an operating lease are credited to the statement of income and retained earnings, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Company has taken advantage of the exemption under paragraph 35.10(p) of FRS 102 in respect of lease incentives on leases in existence on the date of transition to FRS 102 and continues to credit such lease incentives to the statement of income and retained earnings over the period to the first review date on which the rent is adjusted to market rates.

1 Accounting policies (continued)

Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(a) Financial assets
Basic financial assets, including debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of income and retained earnings immediately.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of income and retained earnings immediately.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(b) Financial liabilities
Basic financial liabilities, including trade creditors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

1 Accounting policies (continued)

Financial instruments (continued)

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(c) Offsetting
Financial assets and liabilities are offset and the net amounts presented in the financial statements 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 to liability simultaneously.

Stocks

Stocks are valued on a weighted average basis and are stated in the balance sheet at the lower of cost and estimated selling price less cost to complete and sell. Stocks are recognised as an expense in the financial year in which the related turnover is recognised. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

Where appropriate a provision has been made for devaluation of slow moving and obsolete stock.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

1 Accounting policies (continued)

(ii) Deferred taxation (continued)
A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and other amounts from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Foreign currencies

(i) Functional and presentation currency
The Company's functional and presentation currency is pound sterling.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and retained earnings.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income and retained earnings.

Employee benefits

The Company provides a range of benefits to employees, including defined contribution pension plans and holiday pay.

(i) Short term benefits
Short-term employee benefits such as salaries and compensated absence are recognised as an expense in the year employees render services to the company. A liability is recognised at each balance sheet date to the extent that employee holiday allowance has been accrued but not taken, the expense being recognised as staff costs in the income statement.

1 Accounting policies (continued)

Employee benefits (continued)

(ii) Pension contributions

The Company operates a defined contribution pension scheme. Contributions are charged to the statement of income and retained earnings as they become payable in accordance with the rules of the scheme.

Critical judgements and estimates in applying the accounting policies

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Critical accounting estimates

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of the property plant and equipment, and the accounting policies note for the useful economic lives for each class of assets.

(ii) Inventory provisioning

The company imports and distributes construction chemicals and is subject to changing consumer demands and varying durability of products. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods.

(iii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 10 for the net carrying amount of the debtors and associated impairment provision.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no critical accounting judgements.

2 Turnover

Remmers (UK) Limited's customer base is within the United Kingdom and Ireland. Geographical analysis of turnover by destination - United Kingdom 86% (2020: 86%), Republic of Ireland 14% (2020: 14%). Turnover represents sale of goods.

3 Profit/(loss) before taxation

	2021	2020
	£	£
This is stated after charging(crediting):		
Depreciation of owned fixed assets	**19,408**	20,134
Wages and salaries	**786,520**	940,988
Social security costs	**95,927**	120,642
Staff pension costs	**33,651**	42,829
Foreign exchange differences	**22,866**	(33,930)
Operating lease charges	**123,006**	202,620
Auditors' remuneration – for audit services	**22,532**	24,500
– for other services	**3,400**	4,585
Government grants – furlough	-	(17,372)

4 Directors' Emoluments

	2021	2020
The directors' emoluments were as follows:	£	£
Aggregate emoluments	**141,821**	127,181
Pensions	**4,421**	5,000
	146,252	132,181

	2021	2020
The highest paid directors' emoluments were as follows:	£	£
Aggregate emoluments	**118,419**	127,181
Pensions	**3,321**	5,000
	121,740	132,181

5 Employees

The average monthly number of employees (including directors) employed by the company during the year was:	2021 Number	2020 Number
Selling and distribution	8	8
Administration	8	11
	16	19

6 Tax on profit/(loss)

	2021 £	2020 £
Current tax:		
UK Corporation tax on profit/(loss) for the year	102,492	-
Total current tax	102,492	-
Deferred tax:		
Origination and reversal of timing differences	(32,762)	9,345
Adjustment in respect of prior periods	-	(42,299)
Impact of change in tax rate	-	(959)
Total deferred tax	(32,762)	(40,913)
Tax on profit/(loss)	69,730	(40,913)

6 Tax on profit/(loss) (continued)

Reconciliation of the tax charge/(credit)
Tax assessed for the year is higher (2020: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit/(loss) on ordinary activities before taxation	**352,477**	(224,073)
Profit/(loss) before taxation multiplied by the standard rate of tax in the UK of 19% (2020: 19%)	**66,970**	(42,574)
Effects of:		
Expenses not deductible for tax purposes	**2,760**	2,620
Adjustment to tax charge in respect of prior years	-	-
Re-measurement of deferred tax – change in the tax rate	-	(959)
Total tax charge/(credit) for the year	**69,730**	(40,913)

Reconciliation of the deferred tax

	2021 £	2020 £
Balance at beginning of period	**(40,681)**	(8,154)
Impact of rate change	-	(959)
Adjustment to tax charge in respect of prior years	-	(40,913)
Utilisation of deferred tax asset	**(32,762)**	9,345
Balance at the end of the period	**(73,443)**	(40,681)

Factors affecting the future tax charge
In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. The increase to 25% was substantively enacted in the House of Commons on 24 May 2021, therefore does effect these financial statements.

7 Dividends

	2021 £	2020 £
Ordinary shares		
Interim paid of 0p (2020: 13.983p) per share	-	330,000

8 Tangible assets

	Plant, machinery and computer equipment	Total
	£	£
Cost		
At 1 January 2021	208,237	208,237
Additions	992	992
Disposals	(13,131)	(13,131)
Impairment	(59,432)	(59,432)
At 31 December 2021	**136,666**	**136,666**
Accumulated depreciation		
At 1 January 2021	116,925	116,925
Charge for the year	19,408	19,408
Disposals	(9,403)	(9,403)
Impairment	(25,258)	(25,258)
At 31 December 2021	**101,672**	**101,672**
Net book amount		
At 31 December 2021	**34,994**	**34,994**
At 31 December 2020	91,312	91,312

9 Stocks

	2021	2020
	£	£
Goods for resale	**542,533**	638,929

The amount of stocks recognised as an expense during the year is £3,538,363 (2020: £3,569,848)

There is no difference between the replacement cost of the stocks and its carrying amount.

Stock is stated after provision of £28,818 (2020: £33,502)

10 Debtors

	2021	2020
	£	£
Trade debtors	**1,321,494**	961,059
Amounts owed by group undertakings	**587,939**	-
Corporation tax	**4,044**	63,617
Deferred tax asset	**73,443**	40,681
Prepayments and accrued income	**24,507**	73,058
	2,011,427	1,138,415

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

Trade debtors are stated after allowances for bad & doubtful debts of £142,426 (2020: £94,820)

11 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	**52,805**	174,421
Amounts owed to group undertakings	**-**	229,917
Taxation and social security	**207,958**	432,802
Accruals and deferred income	**283,587**	226,053
	544,350	1,63,193

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

12 Provisions for liabilities

	2021	2020
	£	£
Deferred tax	**1,634**	232
	1,634	232

13 Called up share capital

	2021 Number	2020 Number	2021 £	2020 £
Allotted, issued and fully paid:				
Ordinary shares of £1 each	**2,360,000**	2,360,000	**2,360,000**	2,360,000
Class B shares of £0.0001 each	**321,819**	321,819	**32**	32
	2,681,819	2,681,819	**2,360,032**	2,360,032

The B shares have no voting rights, no right to dividends and no rights on winding up.

14 Contingent liabilities

Materials sold by the company carry insurance-backed warranties with a maximum liability of Euros 5,000,000 (2020: Euros 5,000,000) on any single claim or series of claims based on any single occurrence and an overriding maximum of Euros 10,000,000 (2020: Euros 10,000,000) in any one period of insurance. At the date of the financial statements there were no outstanding claims against the warranties.

15 Financial commitments

At 31 December the Company had the following future minimum lease payments under non-cancellable operating leases expiring as follows:

Payments due	2021 Rent £	2021 Other £	2020 Rent £	2020 Other £
(i) not later than one year;	**5,188**	**46,454**	20,750	65,087
(ii) later than one year and not later than five years; and	**-**	**7,629**	5,188	57,919
(iii) later than five years;	**-**	**-**	-	-
	5,188	**54,083**	25,938	123,006

16 Related parties

The company has taken advantage of the exemption under Section 33.1A of FRS 102 from disclosing transactions with wholly owned group companies. There were no other related party transactions during the year (2020: none).

17 Controlling party

Throughout this and the previous year the company was under the control of its parent company, Remmers AG, registered in Germany. Remmers AG is the ultimate parent company and controlling party of the group. The consolidated financial statements of this company are available to the public and may be obtained from the group whose registered address is Bernhard Remmers-Strasse 13, PO Box 1255, Loeningen, Germany. No other group financial statements include the results of the company.