

**PUROLITE (INT.) LTD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**



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**PUROLITE (INT.) LTD**

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**PUROLITE (INT.) LTD**

**COMPANY INFORMATION**

<b>Directors</b>	S E Brodie D B Brodie J W Brodie
<b>Company secretary</b>	L W Davies
<b>Registered number</b>	03874498
<b>Registered office</b>	Unit D Llantrisant Business Park Llantrisant Rhondda Cynon Taff CF72 8LF
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 6th Floor 3 Callaghan Square Cardiff CF10 5BT
<b>Bankers</b>	HSBC Bank Plc 8 Canada Square London E14 5HQ  PNC Bank National Association 1000 Westlakes Drive Suite 300 Berwyn Philadelphia Pennsylvania 19312-2409 USA  Santander Bank National Association 3 Terry Drive Newtown Pennsylvania 18940 USA
<b>Solicitors</b>	Farrer & Co 66 Lincoln's Inn Fields London WC2A 3LH

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## PUROLITE (INT.) LTD

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their report and the financial statements for the year ended 31 December 2019.

#### Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the 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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they are 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to 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.

#### Principal activity

The Company is principally engaged in the sale of ion exchange resins and operates overseas branches in France, Italy and Spain.

#### Results and dividends

The profit for the year, after taxation, amounted to £425,040 (2018 - £634,292).

The directors have monitored the progress of the overall company strategy and the individual strategic elements by reference to certain financial and non-financial key performance indicators.

	2019	2018	Method of calculation
Movement in Sales (%)	9.1	-7.7	Year on year movement as a %
Gross Profit Margin (%)	16.8	18.9	Ratio of gross profit to sales as a %

#### Directors

The directors who served during the year were:

S E Brodie  
D B Brodie  
J W Brodie

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**PUROLITE (INT.) LTD**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Future developments**

The directors maintain a high level of confidence for the future of the Company: The continuing commitment to research and development has and continues to provide new products and solutions. This continual pipeline of new applications serves to broaden our already robust product lines and forges enduring relationships with our customer base. We anticipate continued growth and profitability based on the consistent delivery of the highest quality products and customer service.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 22 May 2020 and signed on its behalf.

**S E Brodie**  
Director



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<b>PUROLITE (INT.) LTD</b>
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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Strategy**

The Company strategy has been and continues to be a provider of state of the art solutions utilizing ion exchange technology. We maintain a commitment to provide the highest quality product in a consistent and timely manner with unparalleled service before, during and after the sale. We engage in a partnership with our customers to assist them in identifying potential for improvement and then develop and implement the solution to achieve the desired result. Production facilities are geographically dispersed to provide cost effective manufacture with efficient delivery systems across our global marketplace.

**Principal risks and uncertainties**

**Competition:**

This is a fairly small industry with several large industrial participants. Due to complexity in formulation and production, entry into ion exchange technology by new entities on a worldwide scale is difficult to achieve. Regulatory requirements pose further barriers to entry. The Company maintains a vigilant monitor of competitor offerings. We ensure our presence with consistent high quality products with exceptional service.

**Political:**

Whilst there is always a potential of political risks this is continually managed with proactive communication with government agencies.

**People:**

Our staff are our greatest asset. Recruitment and remuneration schemes have continually maintained extremely low staff turnover.

**Brexit risk:**

The directors acknowledge the risk arising as a result of Brexit. However, this risk is deemed mitigated due to the worldwide geographical dispersion of the Company along with strong effective working capital management.

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<b>PUROLITE (INT.) LTD</b>
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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Financial risk management objectives and policies**

The Company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations. The main risks arising from the Company financial instruments are interest rate risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarized below. The policies have remained unchanged from previous periods.

**Interest Rate Risk:**

The Company finances its operations through a mixture of retained profits, inter-company accounts and bank borrowings. The Company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities. The exposure is further limited by hedging agreements which have been established for the term of the facility.

**Liquidity Risk:**

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. Primarily this is achieved through inter-company accounts or through loans arranged at group level. The Company policy throughout the year has been to ensure continuity of funding so that all of its borrowings should mature in more than five years. Short term flexibility is achieved by overdraft facilities.

**Currency Risk:**

The Company is exposed to transaction and translation foreign exchange risk. In relation to translation risk the proportion of assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency.

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**PUROLITE (INT.) LTD**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Other developments**

The Company forms part of the group headed by Purolite Corporation. On 7 April 2020, the Group renewed its funding arrangements with the banking group of HSBC, PNC and Santander. It put in place a new credit facility of \$225m committed funding and an additional accordion facility of \$50m in place through to 2025. This demonstrates the high degree of confidence in the business from the banking group and sets up the Group on a solid foundation as it continues to grow. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance show that the Company will be able to operate within the level of its facilities for a forecast period of at least 12 months from the approval date of these financial statements. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

The uncertainty as to the future impact on the Company of the recent Covid-19 outbreak in particular has been considered as part of the Company's adoption of the going concern basis. To date, the Company has not observed any material impact on its activities due to Covid-19, indeed, Q1 of 2020 is the most successful in the Company's history.

The detailed "bottom up" budget which was prepared in December 2019 set up the Purolite Corporation Group for a full year trading turnover in 2020 of \$299m. In view of the Covid-19 situation, the Directors prepared a "risk adjusted" budget which they consider to be a prudent view, taking into account their view of possible impact of Covid-19 on the business.

**Environmental matters**

The Company maintains a policy worldwide to be in compliance with or better than local emissions standards. We are in compliance with the required emissions standards in all locations.

This report was approved by the board on 22 May 2020 and signed on its behalf.

**S E Brodie**  
Director





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<b>PUROLITE (INT.) LTD</b>
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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PUROLITE (INT.) LTD**

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**Opinion**

We have audited the financial statements of Purolite (Int.) Ltd (the 'Company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable 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 2019 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 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.

**The impact of macro-economic uncertainties on our audit**

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

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<b>PUROLITE (INT.) LTD</b>
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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PUROLITE (INT.) LTD (CONTINUED)**

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**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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

**Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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<b>PUROLITE (INT.) LTD</b>
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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PUROLITE (INT.) LTD (CONTINUED)**

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**Matter on which we are required to report under the Companies Act 2006**

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 Directors' report.

**Matters on which we are required to report by exception**

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 for the financial statements**

As explained more fully in the Directors' responsibilities statement on page 1, 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.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

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**PUROLITE (INT.) LTD**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PUROLITE (INT.) LTD (CONTINUED)**

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**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Rhian Owen  
Senior statutory auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
6th Floor  
3 Callaghan Square  
Cardiff  
CF10 5BT

22 May 2020

**PUROLITE (INT.) LTD**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	23,836,834	21,855,403
Cost of sales		(19,834,871)	(17,717,686)
<b>Gross profit</b>		<b>4,001,963</b>	<b>4,137,717</b>
Distribution costs		(427,434)	(258,768)
Administrative expenses		(2,944,802)	(2,773,177)
<b>Operating profit</b>	5	<b>629,727</b>	<b>1,105,772</b>
Interest receivable and similar income	8	50	273
Interest payable and expenses	9	(23)	-
<b>Profit before tax</b>		<b>629,754</b>	<b>1,106,045</b>
Tax on profit	10	(204,714)	(471,753)
<b>Profit for the financial year</b>		<b>425,040</b>	<b>634,292</b>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 13 to 26 form part of these financial statements.

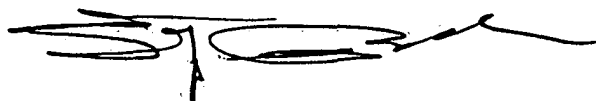
**PUROLITE (INT.) LTD**  
**REGISTERED NUMBER: 03874498**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	11	49,655	54,245
Tangible assets	12	28,541	25,426
		<u>78,196</u>	<u>79,671</u>
<b>Current assets</b>			
Stocks	13	2,137,820	1,297,776
Debtors	14	5,879,071	5,118,563
Cash at bank and in hand	15	567,864	711,338
		<u>8,584,755</u>	<u>7,127,677</u>
Creditors: amounts falling due within one year	16	(6,453,977)	(5,281,851)
<b>Net current assets</b>		<u>2,130,778</u>	<u>1,845,826</u>
<b>Total assets less current liabilities</b>		<u>2,208,974</u>	<u>1,925,497</u>
<b>Net assets</b>		<u><u>2,208,974</u></u>	<u><u>1,925,497</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	2	2
Profit and loss account	17	2,208,972	1,925,495
		<u><u>2,208,974</u></u>	<u><u>1,925,497</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 May 2020.

S E Brodie  
Director



The notes on pages 13 to 26 form part of these financial statements.

**PUROLITE (INT.) LTD**

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	2	1,925,495	1,925,497
Profit for the year	-	425,040	425,040
Foreign currency retranslation	-	(141,563)	(141,563)
<b>At 31 December 2019</b>	<b>2</b>	<b>2,208,972</b>	<b>2,208,974</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	2	1,266,451	1,266,453
Profit for the year	-	634,292	634,292
Foreign currency retranslation	-	24,752	24,752
<b>At 31 December 2018</b>	<b>2</b>	<b>1,925,495</b>	<b>1,925,497</b>

The notes on pages 13 to 26 form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

There is currently a high level of macro-economic uncertainty due to Covid-19. The preparation of the financial statements requires the directors to make a number of estimates, including an assessment of the appropriateness of the going concern basis of preparation of the financial statements. This assessment includes a review of the future economic environment and the Company's future prospects and performance.

The following principal accounting policies have been applied.

**1.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Bro-Tech Limited as at 31 December 2019 and these financial statements may be obtained from Unit D, Llantrisant Business Park, Llantrisant, Rhondda Cynon Taff, CF72 8LF.



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**PUROLITE (INT.) LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. Accounting policies (continued)**

**1.3 Going concern**

The financial statements have been prepared under the going basis of accounting.

The uncertainty as to the future impact on the Company due to the recent Covid-19 outbreak in particular has been considered as part of the Company's adoption of the going concern basis. Directors have prepared a 'Risk adjusted' forecast which is considered to be a prudent view, taking into account their view of the possible impact of Covid-19 on the business.

To date, the Company have not observed any material impact on the activities due to Covid-19, indeed, the business has seen increased demand in Quarter 1 of 2020, with actual results for the Quarter exceeding the 'Risk adjusted' forecast and the original Budget prepared by management ahead of Covid-19.

The Company's customer base and supply chain is diversified and robust. Directors have seen no material pressures on either since year-end.

The Company forms part of the group headed by Purolite Corporation. The group has a large production facility in China, which has progressed through the full cycle of lockdown back to full production. The demand on product following lockdown was heightened, with the overall impact of production over the whole post balance sheet period being relatively Covid-19 neutral. Directors take comfort from this situation that Covid-19 does not have a material impact on their product demand.

The Purolite Corporation Group holds a group-wide facility with the banking group of HSBC, PNC and Santander. The global facility was renewed on 7 April 2020. The renewed facility includes a credit facility of \$225m along with an additional accordion facility of \$50m. The renewal of the facility during the Covid-19 pandemic further demonstrates the high degree of confidence the banking group hold in the Group.

Based on post year-end actual trading, robustness of customer base and supply chain, the directors have a strong expectation that the Company and the wider group have more than adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**1.4 Revenue**

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. Accounting policies (continued)**

**1.5 Intangible assets**

Purchased goodwill is capitalised at cost and is amortised on a straight line basis over its estimated useful economic life of 10 years, except where local legislation prohibits amortisation.

Software is capitalised at cost and is amortised on a straight line basis over its estimated useful economic life of 5 years.

Amortisation charged in the year is included in administrative expenses in the Statement of comprehensive income.

**1.6 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	- 20% straight line.
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

**1.7 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

**1.8 Stocks**

Stocks are stated at the lower of cost and net realisable value, after provisions are made in respect of obsolete and slow moving items, based on historical experience of utilisation on a category-by-category basis. Cost of goods for resale is based on purchased cost on a first-in, first-out basis. Net realisable value is the estimated selling price less all further costs to complete and all costs to be incurred in marketing, selling and distribution.

**1.9 Debtors**

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

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**PUROLITE (INT.) LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. Accounting policies (continued)**

**1.10 Cash and cash equivalents**

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

**1.11 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

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

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

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

**1.12 Creditors**

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

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<b>PUROLITE (INT.) LTD</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. Accounting policies (continued)**

**1.13 Foreign currency translation**

**Functional and presentation currency**

The Company's functional currency is EUR. This differs from the presentational currency which is GBP. The Company's functional currency is EUR due to the Company operating overseas branches in France, Italy and Spain. The Company's presentational currency is GBP due to the Company being registered in the United Kingdom.

**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 and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**1.14 Finance costs**

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**1.15 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

**1.16 Taxation**

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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**PUROLITE (INT.) LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Judgements in applying accounting policies and key sources of estimation uncertainty**

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

**Depreciation and amortisation**

The Company exercises judgement to determine useful lives and residual values of tangible and intangible fixed assets. The assets are depreciated down to their residual values over their estimated lives.

**Provisions**

A provision has been made for trade debtors. This provision is an estimate and the actual costs and timing of future cash flows are dependent on future events. The difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

**3. General information**

Purolite (Int.) Ltd is a company limited by shares and incorporated in England & Wales. The address of its registered office is Unit D, Llantrisant Business Park, Llantrisant, Rhondda Cynon Taff, CF72 8LF. The financial statements are prepared in Sterling. Monetary amounts in these financial statements are rounded to the nearest £1.

The Company is principally engaged in the sale of ion exchange resins and operates overseas branches in France, Italy and Spain.

**4. Turnover**

The turnover is attributable to the marketing and distribution of ion exchange resins and the sales of these to export markets.

The analysis of sales by geographical market has not been disclosed as, in the opinion of the directors, the disclosure of this information would be seriously prejudicial to the interests of the Company.

**5. Operating profit**

The operating profit is stated after charging:

	2019	2018
	£	£
Depreciation of tangible fixed assets	9,660	6,339
Amortisation of intangible assets, including goodwill	1,837	1,885
Exchange differences	(166,170)	(20,274)
Operating lease rentals	36,328	42,705
	<u>          </u>	<u>          </u>

During the year, no directors received any emoluments (2018 - £NIL).

**PUROLITE (INT.) LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
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**6. Auditor's remuneration**

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	10,896	10,578
	<u>10,896</u>	<u>10,578</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

**7. Employees**

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	1,068,873	1,023,606
Social security costs	281,224	259,569
	<u>1,350,097</u>	<u>1,283,175</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Sales	13	11
Administration	4	6
	<u>17</u>	<u>17</u>

**8. Interest receivable**

	2019 £	2018 £
Other interest receivable	50	273
	<u>50</u>	<u>273</u>

**PUROLITE (INT.) LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
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**9. Interest payable and similar expenses**

	2019 £	2018 £
Bank interest payable	23	-
	<u>23</u>	<u>-</u>

**10. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	204,714	471,753
<b>Total current tax</b>	<u>204,714</u>	<u>471,753</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>629,754</u>	<u>1,106,045</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	119,653	210,149
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1,024	14,177
Capital allowances for year in excess of depreciation	9,814	-
Non-taxable income	(194)	(225,864)
Foreign PE exemption	(122,219)	-
Adjustment due to change in deferred tax rate	(852)	-
Overseas tax	204,716	471,753
Deferred tax not provided	(7,228)	1,538
<b>Total tax charge for the year</b>	<u>204,714</u>	<u>471,753</u>

**PUROLITE (INT.) LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
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**11. Intangible assets**

	Software £	Goodwill £	Total £
<b>Cost</b>			
At 1 January 2019	6,118	59,900	66,018
Foreign exchange movement	(320)	(3,095)	(3,415)
At 31 December 2019	<u>5,798</u>	<u>56,805</u>	<u>62,603</u>
<b>Amortisation</b>			
At 1 January 2019	6,118	5,655	11,773
Charge for the year	-	1,837	1,837
Foreign exchange movement	(320)	(342)	(662)
At 31 December 2019	<u>5,798</u>	<u>7,150</u>	<u>12,948</u>
<b>Net book value</b>			
At 31 December 2019	<u>-</u>	<u>49,655</u>	<u>49,655</u>
At 31 December 2018	<u>-</u>	<u>54,245</u>	<u>54,245</u>



**PUROLITE (INT.) LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
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**12. Tangible fixed assets**

	<b>Fixtures &amp; fittings £</b>
<b>Cost or valuation</b>	
At 1 January 2019	261,901
Additions	14,129
Disposals	(1,793)
Foreign exchange movement	(13,785)
At 31 December 2019	<u>260,452</u>
<b>Depreciation</b>	
At 1 January 2019	236,475
Charge for the year on owned assets	9,660
Disposals	(1,793)
Foreign exchange movement	(12,431)
At 31 December 2019	<u>231,911</u>
<b>Net book value</b>	
At 31 December 2019	<u><u>28,541</u></u>
At 31 December 2018	<u><u>25,426</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**13. Stocks**

	2019 £	2018 £
Finished goods and goods for resale	2,137,820	1,297,776
	2,137,820	1,297,776

**14. Debtors**

	2019 £	2018 £
Trade debtors	5,687,444	5,097,889
Other debtors	161,689	8,167
Prepayments and accrued income	19,861	12,507
Tax recoverable	10,077	-
	5,879,071	5,118,563

**15. Cash and cash equivalents**

	2019 £	2018 £
Cash at bank and in hand	567,864	711,338
	567,864	711,338

**PUROLITE (INT.) LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
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**16. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	116,846	83,474
Amounts owed to group undertakings	5,440,032	4,337,652
Corporation tax	-	139,257
Other taxation and social security	252,436	361,410
Other creditors	265,817	189,100
Accruals and deferred income	378,846	170,958
	<u>6,453,977</u>	<u>5,281,851</u>

Wilmington Trust, National Association have fixed and floating charges over assets and undertaking of the company, dated 7 July 2017.

**17. Reserves**

**Profit & loss account**

Profit and loss account includes all current and prior period profits and losses.

**PUROLITE (INT.) LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Share capital**

	2019 £	2018 £
<b>Authorised</b>		
100 (2018 - 100) Ordinary Shares of £1.00 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
2 (2018 - 2) Ordinary Shares of £1.00 each	<u>2</u>	<u>2</u>

**19. Contingent liabilities**

There were no contingent liabilities at 31 December 2019 or 31 December 2018.

**20. Capital commitments**

The Company had no capital commitments at 31 December 2019 or 31 December 2018.

**21. Commitments under operating leases**

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	50,325	62,902
Later than 1 year and not later than 5 years	74,989	122,348
	<u>125,314</u>	<u>185,250</u>

**22. Related party transactions**

The Company has taken advantage of the exemption under FRS 102 from disclosing transactions with other wholly owned group companies that are part of the Bro-Tech Limited group.

During the year the total compensation paid to key management personnel was £490,049 (2018: £299,161).

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**PUROLITE (INT.) LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**23. Post balance sheet events**

*Covid-19*

Since the year-end, what was an unknown virus that had been reported to the World Health Organisation has been identified as Covid-19 and is now a global pandemic. We are mindful that the further spread and impact of Covid-19 might have an effect on revenue levels, depending on how long the situation lasts.

To date, we have not seen any material reduction in revenues or reduced opportunities. The entire business has continued to operate with minimal disruption. The Purolite Corporation Group (which Purolite (Int.) Ltd forms part of) have operated within all their financial banking covenants, with no breaches noted. Due to lockdown in China, the audited Purolite Corporation Group financial statements could not be delivered to bankers within 120 days of the year-end. However, bankers have provided a signed covenant waiver in respect of this non-financial covenant.

Whilst estimating the financial impact on the business, we have performed scenario planning to consider the potential impact of Covid-19 on the Company's results.

*Renewal of funding arrangements*

The Company forms part of the group headed by Purolite Corporation. On 7 April 2020, the Purolite Corporation Group renewed its funding arrangements with the banking group of HSBC, PNC and Santander. It put in place a new credit facility of \$225m committed funding and an additional accordion facility of \$50m in place through to 2025. This demonstrates the high degree of confidence in the business from the banking group and sets up the Company on a solid foundation as it continues to grow.

**24. Controlling party**

The directors consider that the ultimate parent undertaking of the Company is Bro-Tech Limited, a Company incorporated in the United Kingdom, by virtue that this Company owns 100% of the share capital of this Company's immediate parent undertaking, Purolite Ltd, a Company incorporated in the United Kingdom. Bro-Tech Limited and Purolite Ltd have a consistent registered address to that of the Company.

The accounts of Bro-Tech Limited represent the largest consolidated group accounts publicly available in the United Kingdom. Bro-Tech Limited is a wholly owned subsidiary of Purolite AG, a Company incorporated in Switzerland.

The directors consider the ultimate controlling entity to be Purolite Corporation, a Company incorporated in the USA.