

Company Registration No. 00532158 (England and Wales)

BELZONA INTERNATIONAL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

jwp

llp

BELZONA INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors	Mr J C Svendsen	
	Mr N A Robinson	(Appointed 22 November 2021)
	Mr J D Pugh	(Appointed 22 November 2021)
	Mr B Nisill	(Appointed 22 November 2021)

Company number	00532158
-----------------------	----------

Registered office	Claro Road Harrogate North Yorkshire HG1 4DS
--------------------------	---

Auditor	JWPCreers LLP Genesis 5 Church Lane Heslington York North Yorkshire YO10 5DQ
----------------	--

BELZONA INTERNATIONAL LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 6
Group statement of comprehensive income	7
Group statement of financial position	8
Company statement of financial position	9
Group statement of changes in equity	10
Company statement of changes in equity	11
Group statement of cash flows	12
Notes to the financial statements	13 - 28

BELZONA INTERNATIONAL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report for the year ended 31 December 2021.

The strategic report has been prepared by the directors in accordance with section 414(a) to (d) of the Companies Act 2006 and sets out a balanced and comprehensive analysis of the developments and performance of the group's business during the financial year and the position of the group at the end of the financial period, consistent with the size and complexity of the group's business.

Principle activity

The principle activity of the business is the manufacture and sale of specialist repair and maintenance products for buildings and structures and machinery and equipment. These sales are made direct to end users in the United Kingdom and through a network of global independent stocking distributorships, and directly to end users in certain markets. There are no plans to change these principal routes to market during the coming year.

Fair review of the business

Over the course of 2021, the group has not only responded to the impact of Covid-19, but also continued to make significant progress in furthering its strategy to be a leading manufacturer of specialist repair and maintenance products.

The priority throughout the pandemic has been and continues to be the safety and wellbeing of the employees. The group has adapted its working practices to support and promote Covid safe working practices, allowing it to continue to manufacture and distribute its products.

Overall, 2021 saw turnover return to pre-Covid levels, though still impacted as restrictions were imposed and lifted around the world. Group sales increased by 9.0%.

Whilst trading uncertainty persisted, the board maintained its active approach of focusing on essential spending first, only adding secondary spending as its core markets returned to a stable position. This resulted in year-on-year spending remaining level with 2020. The board remains committed to growing the business and expects spending and investment to return to, or exceed, pre-Covid levels in 2022.

Investment in research and development to drive future innovation continues to form another fundamental foundation of the long-term strategy. In 2021, one new product and one product upgrade were released to the market to further support and enhance the existing product portfolio. Throughout 2021, research and development operated as normal, largely unaffected by Covid-19, and therefore additional new products are expected to be released in 2022.

In order to provide a more focused project application offering, the board made the decision to consolidate Belzona Technosol into Belzona Polymerics. To facilitate this, the assets of Belzona Technosol were purchased by Belzona Polymerics on the 31 December 2021. The intention is to liquidate Belzona Technosol in 2022.

Principal risks and uncertainties

The residual impact of Covid-19 appears to be the ongoing effect on world supply chains, raw material availability and inflationary pressures in Europe and the USA. Although the board feels confident in being able to supply the full portfolio of products, contingencies have been both planned and implemented to mitigate ongoing and future raw material availability.

By applying a controlled approach to budgeting and financial control, the group continues to confidently invest in developing people, assets and research and development, whilst minimising the risk to profitability.

The group continues to pursue business opportunities across a wide range of markets in multiple regions. This approach allows the group to minimise regional uncertainties whilst focusing on developing revenues through its core products and services.

Outlook

The board remains confident over continued future revenue growth and sustaining ongoing future profitability. The group adopts a rigorous approach of continuous review and improvement. This is paired with a 'right first time' attitude, both of which are in place to identify and promote process improvements that further enhance the strong practices in place.

The group remains committed to its long-term core principle of investing in its distributor network through the provision of training as well as technical and sales support.

On behalf of the board

.....
Mr N A Robinson

Director

Date:

BELZONA INTERNATIONAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the group continued to be that of the manufacture and sale of products for the conservation and extension of asset life for machinery and equipment and buildings and structures.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R Campbell	(Resigned 29 April 2022)
Mr J C Svendsen	
Mr N A Robinson	(Appointed 22 November 2021)
Mr J D Pugh	(Appointed 22 November 2021)
Mr B Nisill	(Appointed 22 November 2021)

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £11,754,879. The directors do not recommend payment of a further dividend.

Future developments

The future developments of the company are disclosed in the strategic report.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

Approval of reduced disclosures

The company, as a qualifying entity, has taken advantage, in respect of its separate financial statements, of the disclosure exemptions in FRS 102 paragraph 1.12. The company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objection has been received.

The company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the company by shareholders holding in aggregate 5 per cent or more of the total allocated shares in the company. They should be served no later than 31 December 2022.

BELZONA INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the directors have prepared a strategic report which can be found on page 1 of the financial statements.

On behalf of the board

.....

Mr N A Robinson

Director

Date:

BELZONA INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BELZONA INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Belzona International Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

BELZONA INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BELZONA INTERNATIONAL LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

The objectives of our audit, in respect to fraud are to identify and assess the risks of material misstatement of the financial statements due to fraud and obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- During our planning process we gained an understanding of the legal and regulatory frameworks that are applicable to the group and its subsidiary companies and determined that the most significant of them, which are directly relevant to specific assertions in the financial statements, are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations in the UK;
- We gained an understanding of how the group is complying with these frameworks by making enquiries of directors, key management and if necessary, advisors responsible for legal and compliance matters in the country in which the individual group entities registered. We observed key controls and made appropriate enquiries following our review of contracts, interim financial data, board minutes and reports provided to the directors;
- We independently assessed the susceptibility of the group's financial statements to material misstatement, including how fraud or error might occur by meeting with directors and senior management with the skills and experience necessary to determine the risk factors which they believe expose the group to susceptibility to fraud and error. We also considered the impact of any business targets, the personal financial circumstances of management and staff to create a driver for fraud. We considered the culture and controls that the group has established to address the risks identified and evaluated the effectiveness of processes and procedures to prevent and detect fraud, and how senior management monitors those processes and controls. Where the risk was considered to be higher, we designed then performed audit procedures to address each identified fraud risk. We have carried out appropriate procedures to determine if subsidiary entities are significant components, evaluated the design of group-wide controls and communicated with component auditors. These procedures included, but were not restricted to, testing large and unusual items, journals, and transactions with high estimation uncertainty. These tests were designed to provide reasonable assurance that the financial statements were free from fraud and error; and
- Based on our audit plan and understanding of the risks that specifically affect the group we designed our audit procedures to identify non-compliance with such laws and regulations identified above. Our procedures involved substantive testing of transactions and walkthrough testing of appropriate controls, with a focus on transactions in the books of prime entry that have characteristics that may indicate fraud or error. We looked for unusual patterns, large or unusual transactions, weaknesses in the payments system and new supplier transactions based on our understanding of the business; enquiries of directors and management and the results from previous audit testing; and focused testing, on specific complex areas based on risk. In addition, we completed procedures to conclude on the other information and disclosures in the strategic report, directors' report and accounts with the requirements of the relevant accounting standards and UK legislation.

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. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

BELZONA INTERNATIONAL LIMITED

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF BELZONA INTERNATIONAL LIMITED**

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.

Nigel Clemit ACA FCCA (Senior Statutory Auditor)

For and on behalf of JWPCreers LLP

.....

Chartered Accountants

Statutory Auditor

Genesis 5
Church Lane
Heslington
York
North Yorkshire
YO10 5DQ

BELZONA INTERNATIONAL LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Continuing operations	Discontinued operations	31 December 2021	Continuing operations	Discontinued operations	31 December 2020 as restated
	£	£	£	£	£	£	£
Turnover	3	34,043,141	1,350,921	35,394,062	32,466,416	-	32,466,416
Cost of sales		(11,203,927)	(904,602)	(12,108,529)	(11,716,356)	-	(11,716,356)
Gross profit		<u>22,839,214</u>	<u>446,319</u>	<u>23,285,533</u>	<u>20,750,060</u>	<u>-</u>	<u>20,750,060</u>
Distribution costs		(3,797,731)	(344,118)	(4,141,849)	(3,492,743)	-	(3,492,743)
Administrative expenses		(8,116,635)	(89,180)	(8,205,815)	(8,507,987)	-	(8,507,987)
Other operating income		87,612	2,322	89,934	213,629	-	213,629
Operating profit	4	<u>11,012,460</u>	<u>15,343</u>	<u>11,027,803</u>	<u>8,962,959</u>	<u>-</u>	<u>8,962,959</u>
Interest receivable and similar income	8	11,433	-	11,433	28,008	-	28,008
Interest payable and similar expenses	9	-	-	-	(1,049)	-	(1,049)
Profit before taxation		<u>11,023,893</u>	<u>15,343</u>	<u>11,039,236</u>	<u>8,989,918</u>	<u>-</u>	<u>8,989,918</u>
Tax on profit	10	(2,037,544)	(7,513)	(2,045,057)	(1,251,416)	-	(1,251,416)
Profit for the financial year	23	<u>8,986,349</u>	<u>7,830</u>	<u>8,994,179</u>	<u>7,738,502</u>	<u>-</u>	<u>7,738,502</u>
Other comprehensive income				272,519			(603,888)
Currency translation differences				<u>9,266,698</u>			<u>7,134,614</u>
Total comprehensive income for the year				<u>9,266,698</u>			<u>7,134,614</u>

Profit for the financial year is all attributable to the owners of the parent company.
Total comprehensive income for the year is all attributable to the owners of the parent company.

BELZONA INTERNATIONAL LIMITED**GROUP STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

		2021		2020 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	14		13,437,773		13,936,202
Investments	15		832		832
			<u>13,438,605</u>		<u>13,937,034</u>
Current assets					
Stocks	17	6,661,757		5,626,094	
Debtors	18	3,800,110		4,267,901	
Cash at bank and in hand		16,768,576		18,054,981	
		<u>27,230,443</u>		<u>27,948,976</u>	
Creditors: amounts falling due within one year	19	<u>(4,745,730)</u>		<u>(3,474,511)</u>	
Net current assets			<u>22,484,713</u>		<u>24,474,465</u>
Total assets less current liabilities			<u>35,923,318</u>		<u>38,411,499</u>
Capital and reserves					
Called up share capital	22		100,100		100,100
Profit & loss reserves	23		35,823,218		38,311,399
Total equity			<u>35,923,318</u>		<u>38,411,499</u>

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:

.....
Mr N A Robinson
Director

BELZONA INTERNATIONAL LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		2021		2020 as restated	
	Notes	£	£	£	£
Fixed assets					
Investments	15		9,601,665		9,601,665
Current assets					
Cash at bank and in hand		429,239		189,999	
Creditors: amounts falling due within one year	19	<u>(6,681,234)</u>		<u>(6,510,865)</u>	
Net current liabilities			<u>(6,251,995)</u>		<u>(6,320,866)</u>
Total assets less current liabilities			<u>3,349,670</u>		<u>3,280,799</u>
Capital and reserves					
Called up share capital	22		100,100		100,100
Profit & loss reserves	23		<u>3,249,570</u>		<u>3,180,699</u>
Total equity			<u>3,349,670</u>		<u>3,280,799</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £11,823,750 (2020 - £3,917,944 profit).

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:

.....

Mr N A Robinson

Director

Company Registration No. 00532158

BELZONA INTERNATIONAL LIMITED

**GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	Share capital £	Profit & loss reserves £	Total £
As restated for the period ended 31 December 2020:				
Balance at 1 January 2020		100,100	35,066,200	35,166,300
Year ended 31 December 2020:				
Profit for the year		-	7,738,502	7,738,502
Other comprehensive income:				
Currency translation differences		-	(603,888)	(603,888)
Total comprehensive income for the year		-	7,134,614	7,134,614
Dividends	12	-	(3,889,415)	(3,889,415)
Balance at 31 December 2020		100,100	38,311,399	38,411,499
Year ended 31 December 2021:				
Profit for the year		-	8,994,179	8,994,179
Other comprehensive income:				
Currency translation differences		-	272,519	272,519
Total comprehensive income for the year		-	9,266,698	9,266,698
Dividends	12	-	(11,754,879)	(11,754,879)
Balance at 31 December 2021		100,100	35,823,218	35,923,318

BELZONA INTERNATIONAL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Profit & loss reserves £	Total reserves £
As restated for the period ended 31 December 2020:				
Balance at 1 January 2020		100,100	3,152,170	3,252,270
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	3,917,944	3,917,944
Dividends	12	-	(3,889,415)	(3,889,415)
Balance at 31 December 2020		100,100	3,180,699	3,280,799
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	11,823,750	11,823,750
Dividends	12	-	(11,754,879)	(11,754,879)
Balance at 31 December 2021		100,100	3,249,570	3,349,670

BELZONA INTERNATIONAL LIMITED**GROUP STATEMENT OF CASH FLOWS**
FOR THE YEAR ENDED 31 DECEMBER 2021

		2021		2020 as restated	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	29		12,911,782		10,906,768
Interest paid			-		(1,049)
Income taxes paid			(2,244,842)		(1,497,787)
			<u> </u>		<u> </u>
Net cash inflow from operating activities			10,666,940		9,407,932
Investing activities					
Purchase of tangible fixed assets		(580,025)		(690,444)	
Proceeds on disposal of tangible fixed assets		299,670		10,459	
Interest received		11,433		28,008	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(268,922)		(651,977)
Financing activities					
Dividends paid to equity shareholders		(11,754,879)		(3,889,415)	
		<u> </u>		<u> </u>	
Net cash used in financing activities			(11,754,879)		(3,889,415)
Net (decrease)/increase in cash and cash equivalents			(1,356,861)		4,866,540
Cash and cash equivalents at beginning of year			18,054,981		13,236,767
Effect of foreign exchange rates			70,456		(48,326)
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			<u> </u> <u> </u>		<u> </u> <u> </u>
			16,768,576		18,054,981

BELZONA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Belzona International Limited ("the company") is a private company limited by shares, domiciled and incorporated in England and Wales. The registered office is Claro Road, Harrogate, HG1 4DS.

The group consists of Belzona International Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of Belzona International Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the period are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

These financial statements have been prepared on a going concern basis. In order to prepare the financial statements on the going concern basis, the directors have completed detailed financial projections which take account of normal operating conditions and known variable factors which have affected the forecast in the past. The directors have decided to evaluate a range of financial outcomes to enable them to confirm the business has sufficient resources to continue as a going concern.

BELZONA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

1.4 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period.

Turnover comprises income from the manufacture and sale of products for the conservation of machinery, equipment, buildings and structures together with income from the application of industrial repair products. Turnover is recognised when products are dispatched, apart from turnover in respect of long term contracts which is recognised as the contract progresses subject to satisfying contract conditions outside the control of the company.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only by the extent of the expenses recognised are recoverable.

1.5 Intangible fixed assets - goodwill

Goodwill is capitalised at cost. It is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property	5 to 50 years (excluding freehold land)
Leaschold improvements	life of lease
Fixtures, plant & machinery	3 to 20 years (includes motor vehicles depreciated over 4 years)
Tools and equipment	3 to 10 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

No depreciation is charged on freehold land or assets under construction.

1.7 Fixed asset investments

In the parent company financial statements, investments in subsidiaries and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

We have reviewed the carrying value of our fixed assets and concluded that there is no requirement currently to make a write down to our fixed assets or any other assets, all of which are used in delivering our services and sales revenue.

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value. For finished goods manufactured by the group cost comprises direct material cost.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the profit and loss. Reversals of impairment losses are also recognised in profit and loss.

BELZONA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are measured at transaction price including transaction costs. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are measured at fair value.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

BELZONA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.19 Termination payments

The amounts included within termination payments are paid to the employee in line with the company redundancy policy.

1.20 Distribution rights

Sold

The group grants exclusive right to distribute, sell, and service its or its distributors' products in certain territories. The performance obligation under these distributor agreements is the promise to provide daily access to the symbolic intellectual property over the term of each franchise agreement, which is a series of distinct services that represents a single performance obligation. Although the group's underlying activities associated with the symbolic intellectual property will vary both within a day and day-to-day, the symbolic intellectual property is accessed over time and the customer (the distributor) simultaneously receives and consumes the benefit with the group's performance of providing access to the symbolic intellectual property (including other related activities). Therefore, the group defers the proceeds from sales of these rights and amortises them on a straight line basis over a period ranging from 5 to 10 years, the expected lives of the agreements. Amortisation related to distribution rights sold are recorded as amortisation income and included in other income in the statement of comprehensive income.

Reacquired

From time to time, the group reacquires distribution rights from third parties prior to the maturity date under the original agreement. The group defers the cost of the reacquisition of these rights and amortises them on a straight line basis over the remaining lives of the original agreements. Amortisation related to distribution rights reacquired is recorded as amortisation expense and included in cost of sales in the statement of comprehensive income.

BELZONA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Warranties

The group provides product warranties which are subject to conditions. These conditions limit the extent of the group's exposure to claims. At the reporting date there have been no material claims made and historically the level of warranty claims is negligible.

Revenue recognition

In some circumstances, sales in different geographical areas of the World are recognised at the point shipping terms state within the contract that control passes to the customer. These terms are specific to the contract and turnover is recorded when those conditions have been met.

Stock

Stock is valued at the lower of cost and net realisable value. This value is determined using some estimated values of cost and is therefore subject to estimation uncertainty.

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Sale of goods	34,043,141	31,276,856
Rendering of services	1,350,921	1,189,560
	<u>35,394,062</u>	<u>32,466,416</u>
	<u><u>35,394,062</u></u>	<u><u>32,466,416</u></u>
	2021	2020
	£	£
Other significant revenue		
Interest income	11,433	28,008
Non product sales	51,661	-
Grants received	8,787	136,883
Other operating income	31,486	76,746
	<u>31,486</u>	<u>76,746</u>
	<u><u>31,486</u></u>	<u><u>76,746</u></u>
	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	5,684,527	4,873,085
Rest of the World	17,743,310	15,274,322
The Americas	11,966,225	12,319,009
	<u>35,394,062</u>	<u>32,466,416</u>
	<u><u>35,394,062</u></u>	<u><u>32,466,416</u></u>

BELZONA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(23,099)	184,068
Government grants	(6,787)	(136,883)
Depreciation of owned tangible fixed assets	851,140	838,086
(Profit)/loss on disposal of tangible fixed assets	(47,043)	68
Cost of stocks recognised as an expense	7,921,632	8,399,961
Operating lease charges	38,983	27,239
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	21,800	21,200
	<u> </u>	<u> </u>
For other services		
All other non-audit services	14,900	13,598
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group		Company	
	2021	2020	2021	2020
	Number	Number	Number	Number
Distribution staff	127	125	-	-
Administrative staff	78	91	-	-
Management staff	11	6	2	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	216	222	2	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Wages and salaries	8,399,502	8,020,885	150,000	150,000
Social security costs	709,275	666,653	-	-
Pension costs	313,074	250,487	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	9,421,851	8,938,025	150,000	150,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Redundancy payments made or committed	59,000	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

BELZONA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

7	Directors' remuneration	2021	2020
		£	£
	Remuneration for qualifying services	724,480	657,005
	Company pension contributions to defined contribution schemes	15,318	15,515
		<u>739,798</u>	<u>672,520</u>
		<u><u>739,798</u></u>	<u><u>672,520</u></u>
	Remuneration disclosed above includes the following amounts paid to the highest paid director:		
		2021	2020
		£	£
	Remuneration for qualifying services	488,974	457,711
		<u>488,974</u>	<u>457,711</u>
		<u><u>488,974</u></u>	<u><u>457,711</u></u>
	The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020: 1).		
8	Interest receivable and similar income	2021	2020
		£	£
	Interest income		
	Interest on bank deposits	11,433	28,008
		<u>11,433</u>	<u>28,008</u>
		<u><u>11,433</u></u>	<u><u>28,008</u></u>
9	Interest payable and similar expenses	2021	2020
		£	£
	Other interest	-	1,049
		<u>-</u>	<u>1,049</u>
		<u><u>-</u></u>	<u><u>1,049</u></u>
10	Taxation	2021	2020
		£	£
	Current tax		
	UK corporation tax on profits for the current period	1,692,589	1,144,849
	Adjustments in respect of prior periods	-	(121,067)
		<u>1,692,589</u>	<u>1,023,782</u>
	Total UK current tax	1,692,589	1,023,782
	Foreign current tax on profits for the current period	618,152	352,160
		<u>618,152</u>	<u>352,160</u>
	Total current tax	2,310,741	1,375,942
		<u><u>2,310,741</u></u>	<u><u>1,375,942</u></u>
	Deferred tax		
	Origination and reversal of timing differences	(265,684)	(124,526)
		<u>(265,684)</u>	<u>(124,526)</u>
	Total tax charge	2,045,057	1,251,416
		<u><u>2,045,057</u></u>	<u><u>1,251,416</u></u>

BELZONA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	11,039,236	8,989,918
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	2,097,455	1,708,084
Tax effect of expenses that are not deductible in determining taxable profit	11,053	(523)
Adjustments in respect of prior years	-	(39,694)
Effect of change in corporation tax rate	(1,921)	-
Effect of overseas tax rates	80,162	(23,410)
Under/(over) provided in prior years	-	(121,067)
Deferred tax adjustments in respect of prior years	-	(213,063)
Effect of R&D expenditure	(57,874)	(55,040)
Effect of capital allowances and depreciation	(49,578)	18,668
Elimination of intragroup profits - no tax effect	-	(101,529)
Additional tax on overseas earnings	70,534	70,487
Losses utilised	-	(82,194)
Short term timing differences	(104,774)	90,697
Taxation charge	2,045,057	1,251,418

11 Discontinued operations

Belzona Technosol Limited

A wholly owned subsidiary of the parent company ceased trading on 31 December 2021 and it is the intention of the directors to wind up the company.

12 Dividends

	2021	2020
	£	£
Recognised as distributions to equity holders:		
Final paid	11,754,879	3,889,415

BELZONA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

13 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2021	164,500
Disposals	(164,500)
	<hr/>
At 31 December 2021	-
	<hr/>
Amortisation	
At 1 January 2021	164,500
Disposals	(164,500)
	<hr/>
At 31 December 2021	-
	<hr/>
Carrying amount	
At 31 December 2021	-
	<hr/> <hr/>
At 31 December 2020	-
	<hr/> <hr/>

The company had no intangible fixed assets at 31 December 2021 or 31 December 2020.

14 Tangible fixed assets

Group	Freehold property £	Leasehold improvements £	Assets under construction £	Fixtures, plant & machinery £	Tools and equipment £	Total £
Cost						
At 1 January 2021	22,333,098	49,117	360,567	2,274,334	653,939	25,671,055
Additions	202,868	-	-	362,027	15,130	580,025
Disposals	(104,020)	-	-	(466,336)	(42,628)	(613,184)
Transfers	17,025	-	(240,848)	153,337	-	(70,486)
Exchange adjustments	71,504	744	-	10,677	8,441	91,366
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2021	22,520,475	49,861	119,719	2,334,039	634,682	25,658,776
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation						
At 1 January 2021	9,415,135	16,061	-	1,694,434	609,223	11,734,853
Depreciation charged in the year	568,649	3,590	-	255,277	23,624	851,140
Eliminated in respect of disposals	(98,345)	-	-	(402,496)	(42,491)	(543,332)
Transfers	17,025	-	-	95,264	-	112,289
Exchange adjustments	48,124	196	-	9,904	7,829	66,053
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2021	9,950,588	19,847	-	1,652,383	598,185	12,221,003
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount						
At 31 December 2021	12,569,887	30,014	119,719	681,656	36,497	13,437,773
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2020	12,917,963	33,056	360,567	579,900	44,716	13,936,202
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The company had no tangible fixed assets at 31 December 2021 or 31 December 2020.

BELZONA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

15 Fixed asset investments

		Group 2021	2020	Company 2021	2020
	Notes	£	£	£	£
Investments in subsidiaries	16	-	-	9,600,833	9,600,833
Other investments		832	832	832	832
		<u>832</u>	<u>832</u>	<u>9,601,665</u>	<u>9,601,665</u>

Movements in fixed asset investments

Group	Other £
Cost or valuation	
At 1 January 2021 and 31 December 2021	<u>832</u>
Carrying amount	
At 31 December 2021	<u>832</u>
At 31 December 2020	<u>832</u>

Movements in fixed asset investments

Company	Shares in subsidiaries £	Other £	Total £
Cost or valuation			
At 1 January 2021 and 31 December 2021	<u>9,600,833</u>	<u>832</u>	<u>9,601,665</u>
Carrying amount			
At 31 December 2021	<u>9,600,833</u>	<u>832</u>	<u>9,601,665</u>
At 31 December 2020	<u>9,600,833</u>	<u>832</u>	<u>9,601,665</u>

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Belzona Polymerics Limited	Claro Road, Harrogate, HG1 4DS	Ordinary	100.00
Belzona Technosol Limited	As above	Ordinary	100.00
Belzona-Z Limited	As above	Ordinary	100.00
Belzona Limited	As above	Ordinary	100.00
Belzona Inc.	Miami, Florida, USA	Ordinary	100.00
Belzona Great Lakes Holdings Limited	19th Floor, 885 West Georgia St, Vancouver, BC, Canada	Ordinary	100.00
Belzona Molecular Technology (Nanjing) Co. Limited	Nanjing, China	Ordinary	100.00

BELZONA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

17	Stocks	Group		Company	
		2021	2020	2021	2020
		£	£	£	£
	Raw materials and consumables	2,778,109	1,908,298	-	-
	Contract work in progress	32,293	93,012	-	-
	Other work in progress	80,104	29,756	-	-
	Finished goods and goods for resale	3,771,251	3,595,028	-	-
		<u>6,661,757</u>	<u>5,626,094</u>	<u>-</u>	<u>-</u>
		<u><u>6,661,757</u></u>	<u><u>5,626,094</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
18	Debtors	Group		Company	
		2021	2020	2021	2020
	Amounts falling due within one year:	£	£	£	£
	Trade debtors	1,011,621	1,688,312	-	-
	Corporation tax recoverable	605,845	382,293	-	-
	Other debtors	852,912	1,453,834	-	-
	Prepayments and accrued income	897,001	574,826	-	-
		<u>3,367,379</u>	<u>4,099,265</u>	<u>-</u>	<u>-</u>
		<u><u>3,367,379</u></u>	<u><u>4,099,265</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
	Amounts falling due after more than one year:				
	Deferred tax asset (note 20)	432,731	168,636	-	-
		<u>432,731</u>	<u>168,636</u>	<u>-</u>	<u>-</u>
		<u><u>432,731</u></u>	<u><u>168,636</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
	Total debtors	<u><u>3,800,110</u></u>	<u><u>4,267,901</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
19	Creditors: amounts falling due within one year	Group		Company	
		2021	2020	2021	2020
		£	£	£	£
	Trade creditors	1,074,416	1,542,091	917	-
	Amounts owed to group undertakings	-	-	6,664,162	6,494,209
	Corporation tax payable	995,157	707,292	16,155	16,656
	Other taxation and social security	181,334	312,083	-	-
	Other creditors	20,130	93,369	-	-
	Accruals and deferred income	2,474,693	819,676	-	-
		<u>4,745,730</u>	<u>3,474,511</u>	<u>6,681,234</u>	<u>6,510,865</u>
		<u><u>4,745,730</u></u>	<u><u>3,474,511</u></u>	<u><u>6,681,234</u></u>	<u><u>6,510,865</u></u>

BELZONA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Assets	Assets
	2021	2020
	£	£
Accelerated capital allowances	183,633	114,415
Other short term timing differences	249,098	54,221
	<u>432,731</u>	<u>168,636</u>

The company has no deferred tax assets or liabilities.

Movements in the year:	Group	Company
	2021	2021
	£	£
Asset at 1 January 2021	(168,636)	-
Credit to profit or loss	(264,095)	-
Asset at 31 December 2021	<u>(432,731)</u>	<u>-</u>

21 Retirement benefit schemes

Defined contribution schemes	2021	2020
	£	£
Charge to profit or loss in respect of defined contribution schemes	313,074	250,487
	<u>313,074</u>	<u>250,487</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22 Share capital

Ordinary share capital Issued and fully paid	2021	2020	2021	2020
	Number	Number	£	£
Ordinary shares of £1 each	100,100	100,100	100,100	100,100
	<u>100,100</u>	<u>100,100</u>	<u>100,100</u>	<u>100,100</u>

The ordinary shareholders have a right to attend all General Meetings of the company and to vote at such meetings.

The ordinary shareholders have the right to receive dividends and on a return of capital on liquidation the remaining assets of the company would be returned to the holders of the ordinary shares.

23 Reserves

Profit and loss reserves

The profit and loss account reserve records retained earnings and accumulated losses. These are realised and distributable, except where specifically identified as unrealised and non-distributable.

BELZONA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

24 Financial commitments, guarantees and contingent liabilities

A group company, Belzona Inc, had a contingent liability at the period end estimated at £73,000 (2020 £112,500) relating to distribution rights sold during prior years and recognised over the term of the distribution agreement.

25 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Within one year	166,785	179,140	-	-
Between two and five years	225,310	21,008	-	-
	<u>392,095</u>	<u>200,148</u>	<u>-</u>	<u>-</u>

26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Acquisition of tangible fixed assets	-	146,766	-	-
	<u>-</u>	<u>146,766</u>	<u>-</u>	<u>-</u>

27 Related party transactions

Transactions with related parties

During the year the group carried out a number of transactions with Belzona Global LLC and Belzona Florida LLC, US-registered businesses under common control. Sales include bulk goods which were sold at favourable terms being the cost of production. All transactions are conducted at arm's length.

These transactions comprised:

	Sales		Purchases	
	2021	2020	2021	2020
	£	£	£	£
Group				
Belzona Global LLC	294,714	676,290	2,862,800	2,730,228
Belzona Florida LLC	200,623	-	-	-
	<u>495,337</u>	<u>676,290</u>	<u>2,862,800</u>	<u>2,730,228</u>
			Costs reallocated	
			2021	2020
			£	£
Group				
Belzona Global LLC			269,642	334,535
			<u>269,642</u>	<u>334,535</u>

BELZONA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

27 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2021 Balance £	2020 Balance £
Group		
Belzona Global LLC	241,059	906,177
Belzona Florida LLC	224,827	-
	<u> </u>	<u> </u>

28 Controlling party

The ultimate parent company is Orbex LLC, a company registered in the United States of America. The shares in Orbex LLC are owned by Mr J C Svendsen, a related party.

29 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	8,994,179	7,738,502
Adjustments for:		
Taxation charged	2,045,057	1,251,416
Finance costs	-	1,049
Investment income	(11,433)	(28,008)
(Gain)/loss on disposal of tangible fixed assets	(47,043)	68
Depreciation and impairment of tangible fixed assets	851,140	838,086
Foreign exchange gains on cash equivalents	176,753	(513,881)
Movements in working capital:		
(Increase)/decrease in stocks	(1,035,663)	825,705
Decrease in debtors	955,438	710,738
Increase in creditors	983,354	83,093
	<u> </u>	<u> </u>
Cash generated from operations	<u>12,911,782</u>	<u>10,906,768</u>

30 Analysis of changes in net funds - group

	1 January 2021 £	Cash flows £	Exchange rate movements £	31 December 2021 £
Cash at bank and in hand	18,054,961	(1,356,861)	70,456	16,768,576
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

BELZONA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

31 Prior period adjustment

Changes to the statement of financial position - group

	As previously reported £	Adjustment £	As restated at 31 Dec 2020 £
Current assets			
Debtors due within one year	4,156,815	111,086	4,267,901
Provisions for liabilities			
Deferred tax	(111,086)	111,086	-
Net assets	38,189,327	222,172	38,411,499
	<u> </u>	<u> </u>	<u> </u>
Capital and reserves			
Profit and loss reserves	38,069,227	222,172	38,311,399
	<u> </u>	<u> </u>	<u> </u>

Changes to the income statement - group

	As previously reported £	Adjustment £	As restated £
Period ended 31 December 2020			
Taxation	(1,473,568)	222,172	(1,251,416)
	<u> </u>	<u> </u>	<u> </u>

Reconciliation of changes in equity - group

	1 January 2020 £	31 December 2020 £
Adjustments to prior year		
Deferred tax - see note	376,433	222,172
Equity as previously reported	34,789,867	38,189,327
	<u> </u>	<u> </u>
Equity as adjusted	35,166,300	38,411,499
	<u> </u>	<u> </u>
Analysis of the effect upon equity		
Profit and loss reserves	376,433	222,172
	<u> </u>	<u> </u>

Reconciliation of changes in profit for the previous financial period - group

	2020 £
Adjustments to prior year	
Deferred tax - see note	222,172
Profit as previously reported	7,516,330
	<u> </u>
Profit as adjusted	7,738,502
	<u> </u>

Reconciliation of changes in equity - company

The prior period adjustments do not give rise to any effect upon equity.

BELZONA INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

31	Prior period adjustment	(Continued)
Reconciliation of changes in profit for the previous financial period – company		2020
		€
Adjustments to prior year		
Total adjustments		-
Profit as previously reported		3,917,944
		<hr/>
Profit as adjusted		3,917,944
		<hr/> <hr/>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.