

BASF Colors & Effects UK Limited

Directors' Report and Financial Statements

Registered number: 11082095

for the Year Ended 31 December 2019

BASF Colors & Effects UK Limited
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Registered Number 11082095
Year Ended 31 December 2019

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Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

Principal activity

The principal activity of the company is the sale of pigments.

Fair review of the business

BASF Colors & Effects UK Ltd operates within the pigments division of the BASF Group serving the UK market.

Turnover for the year was £17,765,000 (403 days ended 31 December 2018: £13,610,000) with a gross profit margin of 6.6% (403 days ended 31 December 2018: 7.2%) and EBIT of £575,000 (3.2%) (403 days ended 31 December 2018: £288,000 (2.1%)). The increase in turnover of 20% against the prior period (pro-rata for 12 months) was due to higher sales volumes with gross margins impacted by increasing raw material costs.

Risks and uncertainties

The principal risks and uncertainties of the company are integrated with those of the BASF Group and are not managed separately.

Outlook for 2020 - 2021

On 29 August 2019, BASF Group announced that they had reached an agreement to divest their global pigments division (of which the company is part) to DIC, a global company listed on the Tokyo Stock Exchange. DIC views the BASF pigments portfolio as an important strategic addition, allowing an expansion of their position as one of the leading pigment suppliers globally. The sale is subject to approval by the relevant antitrust authorities and is expected to close in the first quarter of 2021.

Brexit

On 29 March 2017, Article 50 was triggered starting the process of the UK leaving the European Union and on 31st January 2020 the UK left, ending 46 years of the UK's membership. While in practical terms not much will change during the transition period running until the end of 2020 (the UK will abide by EU rules and will remain part of the EU Single Market and the Customs Union), the UK becomes a 3rd country, not involved in the EU's decision-making. The so-called phase two of the negotiations, which will define future relationships, will start in March and the directors are continuing to prudently analyse the business environment caused by the known impact of the Brexit situation to identify where and when there may be business opportunities.

Of particular note is the effect of the possible implications of any UK REACH legislation; tariffs, duty, rules of origin, logistics processes and the machinations of Government are all under continual scrutiny. In the ongoing volatile political climate BASF have teams aligned, closely monitoring the priority situations to ensure we understand when any action needs to be prepared for or taken.

COVID-19 pandemic

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally. The spread of COVID-19 has resulted in governments taking varied actions towards stemming its spread and also bolstering economies. Consequently, the global economy has seen a slowdown of economic activity in many sectors. The impact of COVID-19 is expected to continue for the coming months with likely adverse effects on the operations and financial position of the business. The company is closely monitoring the spread of COVID-19, the actions and reactions of government and the potential effects it will have on its business.

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Strategic Report for the Year Ended 31 December 2019 (continued)

Statement by the Directors on the performance of their statutory duties in accordance with s172(1) Companies Act 2006

The directors confirm that they have acted in good faith in the way they consider what would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the company's various stakeholders and other matters set out in s172(1)(a-f) of the Act). This statement applies equally to the directors individually and when acting collectively as the Board.

In discharging their duties in relation to section 172 (1), careful consideration is given to the matters set out above. The stakeholders we consider in this regard are primarily employees, customers and shareholders. Engagement with our shareholders and all stakeholders is of fundamental importance across the business and the directors are focused on building these relationships on a continuous basis.

Employees

Our employees are critical to the success of our business, and we strive for good communication with them through both segmental and group-wide publications and an intranet in order to foster content, engaged & productive personnel.

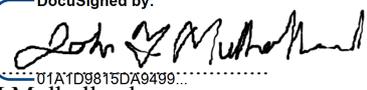
Customers

The upcoming sale of the company has required us to engage closely with our customers and is considered to be beneficial to our customers as the company will benefit from joining the DIC group of companies as it is a good strategic fit with that group's core business. We will continue to engage with our customers throughout 2020 to ensure a smooth and successful transition without disruption to supplies.

Shareholder

Engagement with our shareholder is of fundamental importance across the business and the directors are focused on building this relationship on a continuous basis. The directors behave responsibly towards the shareholder and treat the shareholder fairly and equally.

Approved by the Board on 5 November 2020 and signed on its behalf by:

DocuSigned by:

U1A1D9815DA9499...
J Mulholland
Director

BASF Colors & Effects UK Limited
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Directors' Report for the Year Ended 31 December 2019

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

Directors of the company

The directors who held office during the year were as follows:

T Urwin

J Mulholland

M Breitenfelder

Proposed dividend

The directors do not recommend the payment of a dividend (2018: £Nil).

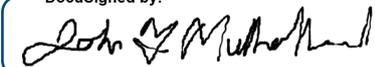
Disclosure of information to the auditor

Each director who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

The auditors KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 5 November 2020 and signed on its behalf by:

DocuSigned by:

01A1D9815DA9499:.....
J Mulholland
Director

C/O BASF Plc
Earl Road
Cheadle Hulme
Cheadle
Cheshire
SK8 6PT
England

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Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent Auditor's Report to the Members of BASF Colors & Effects UK Limited

Opinion

We have audited the financial statements of BASF Colors & Effects UK Limited (the 'company') for the year ended 31 December 2019, which comprise the Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

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 UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates the divestment of the company from the BASF Group in January 2021. These events and conditions constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Based on our financial statements audit work, we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Independent Auditor's Report to the Members of BASF Colors & Effects UK Limited (continued)

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of BASF Colors & Effects UK Limited (continued)

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



.....
Andrew Reddington (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

Date: 9th November 2020

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Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Turnover	3	17,765	13,610
Cost of sales		<u>(16,591)</u>	<u>(12,627)</u>
Gross profit		1,174	983
Distribution costs		(528)	(617)
Administrative expenses		<u>(71)</u>	<u>(78)</u>
Operating profit	4	575	288
Other interest receivable and similar income	5	-	12
Interest payable and similar charges	6	<u>(48)</u>	<u>(26)</u>
Profit before tax		527	274
Taxation	10	<u>(100)</u>	<u>(54)</u>
Profit for the financial year		<u><u>427</u></u>	<u><u>220</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

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Statement of Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Profit for the year		<u>427</u>	<u>220</u>
Total comprehensive income for the year		<u><u>427</u></u>	<u><u>220</u></u>

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Balance Sheet as at 31 December 2019

	Note	2019 £ 000	2018 £ 000
Current assets			
Stocks	11	401	560
Debtors falling due within one year	12	<u>6,107</u>	<u>5,707</u>
		6,508	6,267
Creditors: Amounts falling due within one year	13	<u>(5,361)</u>	<u>(5,547)</u>
Net assets		<u>1,147</u>	<u>720</u>
Capital and reserves			
Called up share capital	15	500	500
Profit and loss account		<u>647</u>	<u>220</u>
Total equity		<u>1,147</u>	<u>720</u>

Approved and authorised by the Board on 5 November 2020 and signed on its behalf by:

DocuSigned by:

8096CE7EFD554C0:.....

T Urwin
 Director

BASF Colors & Effects UK Limited
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Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital	Profit and loss	Total
	£ 000	account	£ 000
	£ 000	£ 000	£ 000
Profit for the period	-	220	220
Total comprehensive income	-	220	220
New share capital subscribed	500	-	500
At 31 December 2018	<u>500</u>	<u>220</u>	<u>720</u>
	Share capital	Profit and loss	Total
	£ 000	account	£ 000
	£ 000	£ 000	£ 000
At 1 January 2019	500	220	720
Profit for the year	-	427	427
Total comprehensive income	-	427	427
At 31 December 2019	<u>500</u>	<u>647</u>	<u>1,147</u>

Statement of Cash Flows for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Cash flows from operating activities			
Profit for the year		427	220
Adjustments to cash flows from non-cash items			
Finance costs	6	26	26
Income tax expense	10	100	54
		<u>553</u>	<u>300</u>
Working capital adjustments			
Decrease/(increase) in stocks	11	159	(560)
Increase in debtors	12	(400)	(5,707)
(Decrease)/increase in creditors	13	(27)	5,114
(Decrease)/increase in deferred income, including government grants		<u>(259)</u>	<u>379</u>
Net cash flow from operating activities		<u>26</u>	<u>(474)</u>
Cash flows from financing activities			
Interest paid	6	(26)	(26)
Proceeds from issue of ordinary shares, net of issue costs		<u>-</u>	<u>500</u>
Net cash flows from financing activities		<u>(26)</u>	<u>474</u>
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at 1 January		<u>-</u>	<u>-</u>
Cash and cash equivalents at 31 December		<u><u>-</u></u>	<u><u>-</u></u>

The notes on pages 13 to 20 form an integral part of these financial statements.

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Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

The company is a private company limited by share capital, incorporated in England. The company's registered office is C/O BASF Plc, Earl Road, Cheadle Hulme Cheadle, Cheshire, SK8 6PT.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102").

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Disclosure of long period

The company was incorporated on 24 November 2017 and began trading on 1 February 2018. The comparative information presented covers the 403 days from incorporation to 31 December 2018.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organisation on 11 March 2020, impacting countries globally. In considering going concern, the company continues to closely monitor developments related to the outbreak of COVID-19. The potential impact from COVID19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. To assess any potential impact on the company, the directors reassessed the components of funding, liquidity and the financial position of the company.

The company contains the UK's pigments division of the BASF Group and the directors have a reasonable expectation that the company will continue in operational existence whilst under ownership of the BASF Group. As disclosed in the Strategic Report, the company is to be divested from the BASF Group on 31st January 2021. Whilst the company is being sold as a going concern, the directors are not in a position to state with absolute certainty that the company will continue for the foreseeable future as a going concern under new ownership.

Based on the above, the directors believe it remains appropriate to prepare the financial statements on a going concern basis. However, the sale of the company on 31st January 2021, represents a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting date.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

3 Turnover

The analysis of the company's revenue for the year from continuing operations is as follows:

	2019	2018
	£ 000	£ 000
Sale of goods	17,765	13,610

The analysis of the company's turnover for the year by market is as follows:

	2019	2018
	£ 000	£ 000
UK	17,610	13,557
Europe	155	53
	<u>17,765</u>	<u>13,610</u>

4 Operating profit

Arrived at after (crediting)/charging

	2019	2018
	£ 000	£ 000
Write-down of stocks to net realisable value	(12)	12

5 Other interest receivable and similar income

	2019	2018
	£ 000	£ 000
Foreign exchange gains	-	12

6 Interest payable and similar charges

	2019	2018
	£ 000	£ 000
Foreign exchange losses	22	-
Interest payable to group undertakings	26	26
	<u>48</u>	<u>26</u>

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019	2018
	£ 000	£ 000
Wages and salaries	256	281
Social security costs	35	33
Pension costs, defined contribution scheme	56	67
	<u>347</u>	<u>381</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2019	2018
	No.	No.
Sales	<u>4</u>	<u>4</u>

8 Directors' remuneration

The directors provide services to a number of group companies. Remuneration is not allocated by entity and the amounts disclosed represent the total remuneration receivable by the directors for their services to the wider group in the UK.

	2019	2018
	£ 000	£ 000
Remuneration	190	199
Contributions paid to money purchase schemes	77	71
	<u>267</u>	<u>270</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019	2018
	No.	No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2019	2018
	£ 000	£ 000
Remuneration	111	106
Company contributions to money purchase pension schemes	<u>46</u>	<u>50</u>

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

9 Auditor's remuneration

	2019	2018
	£ 000	£ 000
Audit of the financial statements	<u>18</u>	<u>10</u>

10 Taxation

Tax charged/(credited) in the profit and loss account

	2019	2018
	£ 000	£ 000
Current taxation		
UK corporation tax	<u>100</u>	<u>54</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019	2018
	£ 000	£ 000
Profit before tax	<u>527</u>	<u>274</u>
Corporation tax at standard rate	100	52
Effect of expense not deductible in determining taxable profit	<u>-</u>	<u>2</u>
Total tax charge	<u>100</u>	<u>54</u>

A reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. In the 11 March 2020 Budget, it was announced that the UK tax rate will remain at the current rate of 19% and not reduce to 17% from 1 April 2020. This will increase the company's future current tax charge accordingly.

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

11 Stocks

	2019	2018
	£ 000	£ 000
Merchandise	<u>401</u>	<u>560</u>

The write-down of stocks to net realisable value amounted to a loss of £12,000 in the prior period, and reduced gross stocks to the carrying amount above. No write-down was necessary for the current year.

12 Debtors falling due within one year

	Note	2019	2018
		£ 000	£ 000
Trade debtors		3,511	3,192
Amounts owed by group undertakings	16	2,595	2,488
Other debtors		-	27
Prepayments		<u>1</u>	<u>-</u>
		<u>6,107</u>	<u>5,707</u>

13 Creditors

	Note	2019	2018
		£ 000	£ 000
Due within one year			
Trade creditors		-	19
Amounts owed to group undertakings	16	4,643	4,318
Social security and other taxes		10	6
Other payables		371	704
Accrued expenses		63	67
Corporation tax	10	154	54
Deferred income		<u>120</u>	<u>379</u>
		<u>5,361</u>	<u>5,547</u>

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

14 Pension and other schemes

The employees of the company participate in the Defined Contribution section of the BASF (UK) Group Pension Scheme.

Information about the plan as a whole can be obtained from the BASF Plc financial statements.

The pension cost shown in note 7 of £56,663 (2018: £66,624) represents the contribution payable by the Company to the fund. Contributions due to the fund are paid in over in the month of deduction from the payroll, so at the balance sheet date contributions of £nil are outstanding.

15 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>

16 Related party transactions

All material transactions with related parties during the current year and prior period have been with the company's immediate parent, fellow subsidiaries and other group undertakings. As such, the company has taken advantage of the exemption allowed under FRS 102.33.1A not to disclose such transaction. Related party balances outstanding at the balance sheet date are disclosed in total under the relevant notes above.

17 Non adjusting post balance sheet events

The Covid-19 pandemic & its likely effects on the company are considered in the Strategic Report.

18 Parent and ultimate parent undertaking

The company's immediate parent is BASF Colors & Effects GmbH, incorporated in Germany. Registered address 1 Rheinschanze, Ludwigshafen (Rhein), Germany.

The ultimate parent is BASF Societas Europaea, incorporated in Germany.

The most senior parent entity producing publicly available financial statements is BASF Societas Europaea. These financial statements are available upon request from BASF Societas Europaea, D67056 – Ludwigshafen, Germany.

The ultimate controlling party is BASF Societas Europaea.