

Becker-Underwood (UK) Limited

Directors' Report and Financial Statements

Registered number: 4045262

for the Year Ended 31 December 2019

Becker-Underwood (UK) Limited
Directors' Report and Financial Statements
Registered Number 4045262
Year Ended 31 December 2019

Contents

Strategic Report	1
Directors' Report	3
Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements	4
Independent Auditor's Report to the members of Becker-Underwood (UK) Limited	5
Profit and Loss Account	8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12

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 that of an investment holding company.

Fair review of the business

The company reported a profit on ordinary activities of £6,718,000 in the year ended 31 December 2019 (2018: profit £nil).

During the year dividends of £6,708,000 (2018: £nil) were received from the company's subsidiaries.

The company did not have any employees in the current or prior year.

Risks and uncertainties

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

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. The impact of Brexit on the company as an intermediate holding company within the BASF Group will be via its holding in UK subsidiaries. The impact of Brexit is considered in the accounts of those trading subsidiaries.

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 global 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 on the company as an intermediate holding company within the BASF Group will be via its holdings in UK subsidiaries. The impact of COVID-19 is considered in the accounts of those trading subsidiaries.

Becker-Underwood (UK) Limited
Directors' Report and Financial Statements
Registered Number 4045262
Year Ended 31 December 2019

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 shareholders.

Engaging with our 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:

.....C085B681717E41E.....
H Koerner
Director

Becker-Underwood (UK) Limited
Directors' Report and Financial Statements
Registered Number 4045262
Year Ended 31 December 2019

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

H Koerner

Dividends

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

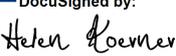
Disclosure of information to the auditors

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.

Reappointment of 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:

.....C065B681717E41F.....
H Koerner
Director

PO Box 4
Earl Road
Cheadle Hulme
Cheadle
Cheshire
SK8 6QG
England

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

The directors are responsible for preparing the Strategic Report, the Director's 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 Becker-Underwood (UK) Limited

Opinion

We have audited the financial statements of Becker-Underwood (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.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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

Independent Auditor's Report to the Members of Becker-Underwood (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.

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.

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.

**Independent Auditor's Report to the Members of Becker-Underwood (UK) Limited
(continued)**

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

Becker-Underwood (UK) Limited
 Directors' Report and Financial Statements
 Registered Number 4045262
 Year Ended 31 December 2019

Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Income from other fixed asset investments		6,708	-
Other interest receivable and similar income	3	<u>12</u>	<u>-</u>
		<u>6,720</u>	<u>-</u>
Profit before tax		6,720	-
Taxation	6	<u>(2)</u>	<u>-</u>
Profit for the financial year		<u><u>6,718</u></u>	<u><u>-</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.

The notes on pages 12 to 18 form an integral part of these financial statements.

Becker-Underwood (UK) Limited
Directors' Report and Financial Statements
Registered Number 4045262
Year Ended 31 December 2019

Statement of Comprehensive Income for the Year Ended 31 December 2019

	2019	2018
	£ 000	£ 000
Profit for the year	<u>6,718</u>	<u>-</u>
Total comprehensive income for the year	<u><u>6,718</u></u>	<u><u>-</u></u>

Becker-Underwood (UK) Limited
 Directors' Report and Financial Statements
 Registered Number 4045262
 Year Ended 31 December 2019

Balance Sheet as at 31 December 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Investments	7	14,500	14,500
Current assets			
Debtors falling due within one year	8	7,404	684
Creditors: Amounts falling due within one year	9	<u>(15,125)</u>	<u>(15,123)</u>
Net current liabilities		<u>(7,721)</u>	<u>(14,439)</u>
Net assets		<u>6,779</u>	<u>61</u>
Capital and reserves			
Called up share capital	10	-	-
Share premium reserve		61	61
Profit and loss account		<u>6,718</u>	<u>-</u>
Total equity		<u>6,779</u>	<u>61</u>

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

DocuSigned by:

 8096CE7EFD554C0.....

T Urwin
 Director

Becker-Underwood (UK) Limited
 Directors' Report and Financial Statements
 Registered Number 4045262
 Year Ended 31 December 2019

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	-	61	-	61
At 31 December 2018	-	61	-	61
	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2019	-	61	-	61
Profit for the year	-	-	6,718	6,718
Total comprehensive income	-	-	6,718	6,718
At 31 December 2019	-	61	6,718	6,779

Becker-Underwood (UK) Limited
Directors' Report and Financial Statements
Registered Number 4045262
Year Ended 31 December 2019

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.

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

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

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

Summary of disclosure exemptions

The company's ultimate parent undertaking, BASF Societas Europaea (BASF SE) includes the company in its consolidated financial statements. The consolidated financial statements of BASF SE are prepared in accordance with International Financial Reporting Standards as adopted by the EU. In these financial statements, the company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period; and
- Cash Flow Statement and related notes
- Key Management Personnel compensation

The financial statements of BASF SE may be obtained from BASF Societas Europaea, D67056 – Ludwigshafen, Germany.

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

2 Accounting policies (continued)

Going concern

Notwithstanding net current liabilities of £7,721,000 as at 31 December 2019, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, from dividend receipts from its subsidiaries to meet its liabilities as they fall due for that period. Those forecasts are dependent on The MicroBio Group Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2019 amounted to £15,123,000. The MicroBio Group Limited has indicated it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Exemption from preparing group accounts

The financial statements contain information about Becker-Underwood (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, BASF Societas Europaea, a company incorporated in Germany.

Dividends received

Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

Tax

Tax on profit or loss 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.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates that have been enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Investments

Investments in subsidiaries are carried at cost less impairment.

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

2 Accounting policies (continued)

Debtors

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 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.

Creditors

Creditors are recognised initially at the transaction price plus attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Creditors 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.

Borrowings

Non interest-bearing borrowings that are repayable on demand are initially measured at undiscounted amount, net of transaction costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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.

3 Other interest receivable and similar income

	2019	2018
	£ 000	£ 000
Receivable from group undertakings	<u>12</u>	<u>-</u>

4 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	215	247
Contributions paid to money purchase schemes	<u>56</u>	<u>71</u>
	<u>271</u>	<u>318</u>

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

4 Directors' remuneration (continued)

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>3</u>

In respect of the highest paid director:

	2019	2018
	£ 000	£ 000
Remuneration	111	98
Company contributions to money purchase pension schemes	<u>46</u>	<u>46</u>

The Directors of the company are employed by other subsidiaries within the group and do not take any remuneration from the company.

5 Auditor's remuneration

The auditor's remuneration of £5,000 was borne by BASF Agricultural Specialities Limited a group undertaking.

6 Taxation

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

	2019	2018
	£ 000	£ 000
Current taxation		
UK corporation tax	<u>2</u>	<u>-</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2018 - the same as 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>6,720</u>	<u>-</u>
Corporation tax at standard rate	1,277	-
Effect of revenues exempt from taxation	<u>(1,275)</u>	<u>-</u>
Total tax charge	<u>2</u>	<u>-</u>

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

6 Taxation (continued)

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.

7 Investments in subsidiaries

	2019	2018
	£ 000	£ 000
Investments in subsidiaries	14,500	14,500
Subsidiaries		£ 000
Cost or valuation		
At 1 January 2019 and 31 December 2019		14,500
Provision		
At 1 January 2019 and 31 December 2019		-
Carrying amount		
At 1 January 2019 and 31 December 2019		14,500

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2019	2018
Subsidiary undertakings				
BASF Agricultural Specialities Ltd	Earl Road, Cheadle Hulme, Cheshire, SK8 6QG, England	Ordinary shares	100%	100%
MicroBio Canada Ltd	Earl Road, Cheadle Hulme, Cheshire, SK8 6QG, England	Ordinary shares	100%	100%

The principal activity of BASF Agricultural Specialities Ltd is the manufacture of agricultural products.

The principal activity of MicroBio Canada Ltd is that of an investment holding company.

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

8 Debtors falling due within one year

	Note	2019 £ 000	2018 £ 000
Amounts owed by group undertakings	11	<u>7,404</u>	<u>684</u>

9 Creditors

	Note	2019 £ 000	2018 £ 000
Due within one year			
Amounts owed to group undertakings	11	15,123	15,123
Corporation tax	6	<u>2</u>	<u>-</u>
		<u>15,125</u>	<u>15,123</u>

The inter-company loan is non-interest bearing and repayable on demand.

10 Share capital

Allotted, called up and fully paid shares

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

11 Related party transactions

All transactions with related parties during the current and prior year 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.

12 Non adjusting post balance sheet events

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

Becker-Underwood (UK) Limited
Directors' Report and Financial Statements
Registered Number 4045262
Year Ended 31 December 2019

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

13 Parent and ultimate parent undertaking

The company's immediate parent is BU International Holding Company Ltd, incorporated in England. Registered Address PO Box 4, Earl Road, Cheadle Hulme, Cheadle, Cheshire. SK8 6QG.

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.