
MOLECULAR PRODUCTS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

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MOLECULAR PRODUCTS LIMITED

COMPANY INFORMATION

Directors	C Bernert J Carlotto (resigned 1 December 2022) J W Radstaak J T Rhudy K Reinke (appointed 20 June 2022) B C Smith (appointed 1 December 2022)
Company secretary	L J Keilthy
Registered number	02721125
Registered office	Parkway Harlow Business Park Harlow Essex CM19 5FR

MOLECULAR PRODUCTS LIMITED

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MOLECULAR PRODUCTS LIMITED

STRATEGIC REPORT FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022

Introduction

The principal activities during the year were those of Air Purification involving Research and Development, manufacture, sales and marketing of life critical respiratory devices and gas purification technology.

In June 2021 the Molecular Products Group to which the company belongs, was acquired by the The Filtration Group. The reporting timeline has been changed to a year end of December to match Filtration Group year end.

The comparative are for a 9 month period to 31 December 2021.

Business review

The Company has seen significant growth in 2022 with a full year turnover of £22.4M and £4.4M operating profit. 2022 revenue growth was an increase of 88% compared to the prior 9 months, from both the O2 Generator and CO2 businesses. The Company reports a profit before tax of £3.5m.

Looking forward the Company believes that the prospects for 2023 will be good however not in line with the unprecedented growth seen in 2022. The O2 product category will continue to be a focus area for the business as we look towards new product development and increased market penetration.

Principal risks and uncertainties

The Directors review and agree policies for managing each of the Business' principal risks and uncertainties and are involved in the day to day management and review of these risks in accordance with agreed policies. The Company uses various financial instruments to manage working capital which includes cash, trade debtors and trade creditors that arise directly from its operations. The existence of these financial instruments exposes the Company to a number of financial risk, the key risks being set out below:

Liquidity and cash flow

The Company's principal financial assets are trade debtors. In managing these, management set limits for customers based on a combination of third party credit references and payment history. Most new customers provide letters of credit or advance payments. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Currency risk

The Company is exposed to translation and transaction foreign exchange risk. During the year to 31 December 2022 78.5% (December 2021: 66%) of the Company's sales were to customers outside the United Kingdom. These sales are priced in US Dollars, Euros and Australian dollars. In addition, a small proportion of its purchases are in foreign currency. Transaction exposures are reduced by matching foreign currency purchases to outstanding debtor balances, the residue is converted into Sterling at prevailing rates. The use of financial instruments, such as forward currency contracts and options, were not used in the current financial year.

Research & development

The Company continued to invest in new product research and development projects during the current year. The Company believes new products are one of the pillars of sustained growth and profitability and will continue to invest in research and development over the coming year.

MOLECULAR PRODUCTS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

Key Performance Indicators ('KPIs')

The key metrics used by the company during the year as indicators of the business performance were considered to below:

- Sales and Gross Margin; Actual performance measured against the previous year's performance.
- Earnings before interest, taxes, depreciation, and amortisation; actual performance as measured against the previous year's performance.

Future developments

The development of Rugged Oxygen Generator (ROG) continues with the intention to release late in 2023. Development of specific CO2 products continues.

Environment

The Company seeks to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

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

Brandon C. Smith

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B C Smith
Director

Date: 31/08/2023

MOLECULAR PRODUCTS LIMITED

**DIRECTORS' REPORT
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

The directors present their report and the financial statements for the 12 month period ended 31 December 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The profit for the 12 month period, after taxation, amounted to £3,512,721 (2021 - loss £1,687,698).

The directors have paid a dividend of £nil (2021: £3,000,000).

Directors

The directors who served during the 12 month period were:

C Bernert
J Carloto (resigned 1 December 2022)
J W Radstaak
J T Rhudy
K Reinke (appointed 20 June 2022)
B C Smith (appointed 1 December 2022)

MOLECULAR PRODUCTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. For this purpose, the foreseeable future is deemed to consist of at least the twelve months following the issuance of the financial statements.

The directors have prepared cash flow forecasts for the 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, through its bank balances, and funding from either its ultimate parent company, Filtration Group Corp, or other subsidiary group companies, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on either Filtration Group Corp, or other subsidiary group companies, not seeking repayment of the amounts currently due to the group, which at 31 December 2022 amounted £117,292 and providing additional financial support during that period.

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.

Political contributions

The Company made no political donations or incurred any political expenditures during the year (2021: £nil)

Disclosure of information to auditor

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

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

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

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

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

Brandon C. Smith

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B C Smith
Director

Date: 31/08/2023

MOLECULAR PRODUCTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOLECULAR PRODUCTS LIMITED

Opinion

We have audited the financial statements of MOLECULAR PRODUCTS LIMITED (the 'Company') for the 12 month period ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the 12 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

MOLECULAR PRODUCTS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOLECULAR PRODUCTS LIMITED
(CONTINUED)**

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial 12 month period 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

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

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

MOLECULAR PRODUCTS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOLECULAR PRODUCTS LIMITED
(CONTINUED)**

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 nature of the industry and sector, control environment and business performance including the remuneration incentives and pressures of key management;
- the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. We consider the results of our enquiries of management, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We also obtained an understanding of the legal and regulatory frameworks that the Company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and relevant tax 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

MOLECULAR PRODUCTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOLECULAR PRODUCTS LIMITED
(CONTINUED)

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.

DocuSigned by:

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Richard Malone ACA (Senior Statutory Auditor)

for and on behalf of
Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Herts

WD17 1HP

Date: 12-09-2023 | 08:11 BST

MOLECULAR PRODUCTS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

		12 months period ended 31 December 2022 £	<i>9 months period ended 31 December 2021 £</i>
Turnover	4	22,376,077	11,877,748
Cost of sales		(12,654,870)	(6,605,496)
Gross profit		<u>9,721,207</u>	<u>5,272,252</u>
Distribution costs		(1,442,778)	(1,154,907)
Administrative expenses		(3,914,274)	(3,508,939)
Operating profit	5	<u>4,364,155</u>	<u>608,406</u>
Intercompany balances written off		-	(2,047,639)
Interest receivable and similar income	9	55,383	-
Interest payable and similar expenses	10	(1,083)	(116,357)
Profit/(loss) before tax		<u>4,418,455</u>	<u>(1,555,590)</u>
Tax on profit/(loss)	11	(905,734)	(132,108)
Profit/(loss) for the financial 12 month period		<u><u>3,512,721</u></u>	<u><u>(1,687,698)</u></u>

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 13 to 29 form part of these financial statements.

MOLECULAR PRODUCTS LIMITED
REGISTERED NUMBER: 02721125

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	13	543,775	663,673
Tangible assets	14	2,083,189	2,557,215
		<u>2,626,964</u>	<u>3,220,888</u>
Current assets			
Stocks	15	1,853,029	2,180,697
Debtors: amounts falling due within one year	16	9,130,765	4,364,307
Cash at bank and in hand	17	1,284,656	342,395
		<u>12,268,450</u>	<u>6,887,399</u>
Creditors: amounts falling due within one year	18	(4,780,869)	(3,541,981)
Net current assets		<u>7,487,581</u>	<u>3,345,418</u>
Total assets less current liabilities		<u>10,114,545</u>	<u>6,566,306</u>
Provisions for liabilities			
Deferred tax	19	(292,331)	(256,813)
		<u>(292,331)</u>	<u>(256,813)</u>
Net assets		<u><u>9,822,214</u></u>	<u><u>6,309,493</u></u>
Capital and reserves			
Called up share capital	20	836,051	836,051
Share premium account	21	29,730	29,730
Capital contribution reserve	21	1,644,552	1,644,552
Profit and loss account	21	7,311,881	3,799,160
		<u>9,822,214</u>	<u>6,309,493</u>

MOLECULAR PRODUCTS LIMITED
REGISTERED NUMBER: 02721125

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

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

Brandon C. Smith

.....
B C Smith
Director

Date: 31/08/2023

The notes on pages 13 to 29 form part of these financial statements.

MOLECULAR PRODUCTS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2021	836,051	29,730	8,486,858	9,352,639
Comprehensive income for the period				
Loss for the period	-	-	(1,687,698)	(1,687,698)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(1,687,698)	(1,687,698)
Dividends: Equity capital	-	-	(3,000,000)	(3,000,000)
Total transactions with owners	-	-	(3,000,000)	(3,000,000)
At 1 January 2022	836,051	29,730	3,799,160	4,664,941
Comprehensive income for the 12 month period				
Profit for the 12 month period	-	-	3,512,721	3,512,721
Other comprehensive income for the 12 month period	-	-	-	-
Total comprehensive income for the 12 month period	-	-	3,512,721	3,512,721
Total transactions with owners	-	-	-	-
At 31 December 2022	836,051	29,730	7,311,881	8,177,662

The notes on pages 13 to 29 form part of these financial statements.

MOLECULAR PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

1. General information

Molecular Products Limited is a private company incorporated, domiciled and registered in England in the UK. The registered number is 02721125 and the registered address is Parkway, Harlow Business Park, Harlow, Essex, CM19 5FR.

The principal activities during the year were those of Air Purification involving Research and Development, manufacture, sales and marketing of life critical respiratory devices and gas purification technology. The current period is a 12 month period end 31 December 2022 and prior period is a 9 month period end 31 December 2021.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The comparative figures have been reclassified to conform to the current year's financial statement presentation. This impacts on the presentation within the Statement of Comprehensive Income and does not change the result in the comparative period.

The Company's parent undertaking, Molecular Products Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Molecular Products Group Limited are prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and are available to the public and may be obtained from Parkway, Harlow Business Park, Harlow, Essex, CM19 5FR. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The following principal accounting policies have been applied:

MOLECULAR PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.2 Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. For this purpose, the foreseeable future is deemed to consist of at least the twelve months following the issuance of the financial statements.

The directors have prepared cash flow forecasts for the 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, through its bank balances, and funding from either its ultimate parent company, Filtration Group Corp, or other subsidiary group companies, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on either Filtration Group Corp, or other subsidiary group companies, not seeking repayment of the amounts currently due to the group, which at 31 December 2022 amounted £117,292 and providing additional financial support during that period.

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.

2.3 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure

2.4 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

MOLECULAR PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.5 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- whether the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instruments so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2.6 Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

interest-bearing borrowings classified as basic financial instruments

interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

2.7 Tangible fixed assets

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

MOLECULAR PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.7 Tangible fixed assets (continued)**

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

Depreciation is provided on the following basis:

Plant and machinery	- 10-20% straight line
Fixtures and fittings	- 10-33% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Intangible assets and goodwill

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life including projects and software. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

2.9 Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes expenditure incurred in acquiring the stocks, production or conversation costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

2.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

MOLECULAR PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.11 Turnover

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

Revenue is recognised at the time of significant risk and reward of ownership passes to the customer, as the majority of the company's sales are on an ex-works basis the company recognises revenue at the time of dispatch. However from time to time different eco terms are used depending on the customer's requirement.

2.12 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and interest payable

interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to prepare for use, are capitalised as part of the cost of that asset/are expensed as incurred.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividend on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Research and development

The company expenses its research and development expenditure fully in the year of expenditure.

Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

MOLECULAR PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Deferred tax is provided on timing differences which arises from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expenses are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events which are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future which will seldom equal actual results. There are no significant accounting estimates or areas of judgement that the Company needs to disclose.

MOLECULAR PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

4. Turnover

The whole of the turnover is attributable to the principal business activity.

Analysis of turnover by country of destination:

	12 months period ended 31 December 2022 £	<i>9 months period ended 31 December 2021 £</i>
United Kingdom	4,804,153	4,014,597
Rest of Europe	5,208,341	3,462,622
Rest of the world	12,363,582	4,400,529
	<u><u>22,376,076</u></u>	<u><u>11,877,748</u></u>

5. Operating profit

The operating profit is stated after charging:

	12 months period ended 31 December 2022 £	<i>9 months period ended 31 December 2021 £</i>
Depreciation of tangible assets	668,912	522,656
Amortisation of intangible assets	159,773	88,377
Research and development expenditure	47,332	31,072
Auditor's remuneration	47,000	40,000
Operating lease rentals - plant and machinery	21,819	6,887
Operating lease rentals- property	456,500	342,378
Defined contribution pension cost	277,575	143,534
Foreign exchange (gains)/losses	(60,453)	15,092
	<u><u>(60,453)</u></u>	<u><u>15,092</u></u>

MOLECULAR PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

6. Auditor's remuneration

	12 months period ended 31 December 2022 £	<i>9 months period ended 31 December 2021 £</i>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	47,000	<i>40,000</i>

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

7. Employees

Staff costs were as follows:

	12 months period ended 31 December 2022 £	<i>9 months period ended 31 December 2021 £</i>
Wages and salaries	4,296,053	<i>2,598,911</i>
Social security costs	396,886	<i>295,510</i>
Cost of defined contribution scheme	183,300	<i>143,534</i>
	4,876,239	<i>3,037,955</i>

The average monthly number of employees, including the directors, during the 12 month period was as follows:

	12 months period ended 31 December 2022 No.	<i>9 months period ended 31 December 2021 No.</i>
Manufacturing, marketing and distribution	66	<i>68</i>
Administration and development	23	<i>21</i>
	89	<i>89</i>

MOLECULAR PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

8. Directors' remuneration

During the 12 month period Directors' emoluments were £Nil (2021 - £Nil)

9. Interest receivable

	12 months period ended 31 December 2022 £	<i>9 months period ended 31 December 2021 £</i>
Interest receivable from group companies	55,383	-
	55,383	-

10. Interest payable and similar expenses

	12 months period ended 31 December 2022 £	<i>9 months period ended 31 December 2021 £</i>
Interest payable on loan from group undertakings	1,083	116,357
	1,083	116,357

MOLECULAR PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

11. Taxation

	12 months period ended 31 December 2022 £	<i>9 months period ended 31 December 2021 £</i>
Corporation tax		
Current tax on profits for the year	870,216	-
	<hr/> 870,216 <hr/>	<hr/> - <hr/>
Total current tax	<hr/> 870,216 <hr/>	<hr/> - <hr/>
Deferred tax		
Origination and reversal of timing differences	35,518	132,108
Total deferred tax	<hr/> 35,518 <hr/>	<hr/> 132,108 <hr/>
Taxation on profit on ordinary activities	<hr/> 905,734 <hr/>	<hr/> 132,108 <hr/>

MOLECULAR PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

11. Taxation (continued)

Factors affecting tax charge for the 12 month period/period

The tax assessed for the 12 month period/period is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	12 months period ended 31 December 2022 £	<i>9 months period ended 31 December 2021 £</i>
Profit/(loss) on ordinary activities before tax	4,418,455	<i>(1,555,590)</i>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	839,506	<i>(295,562)</i>
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	861	<i>389,051</i>
Capital allowances for 12 month period/period in excess of depreciation	37,794	<i>(5,818)</i>
Utilisation of tax losses	(13,580)	<i>(82,685)</i>
Loss on disposal of fixed assets	5,691	<i>-</i>
Other timing differences leading to an increase (decrease) in taxation	(90)	<i>-</i>
Changes in provisions leading to an increase (decrease) in the tax charge	34	<i>(4,986)</i>
Deferred tax	35,518	<i>132,108</i>
Total tax charge for the 12 month period/period	905,734	<i>132,108</i>

Factors that may affect future tax charges

On 3 March 2021 the Chancellor of the Exchequer announced an increase in the main rate of UK corporation tax to 25 per cent for businesses with profits greater than £250,000. Businesses with profits of £50,000 or less will continue to be taxed at 19% with marginal relief for profits up to £250,000. These changes were substantially enacted on 25 May 2021 and will take effect from 1 April 2023.

MOLECULAR PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

12. Dividends

	2022 £	2021 £
Dividends analysis	-	3,000,000
	<u>-</u>	<u>3,000,000</u>

13. Intangible assets

	Goodwill £	Projects £	Software £	Total £
Cost				
At 1 January 2022	38,198	391,305	528,660	958,163
Additions	-	-	39,875	39,875
At 31 December 2022	<u>38,198</u>	<u>391,305</u>	<u>568,535</u>	<u>998,038</u>
Amortisation				
At 1 January 2022	38,198	20,517	235,775	294,490
Charge for the 12 month period on owned assets	-	52,227	107,546	159,773
At 31 December 2022	<u>38,198</u>	<u>72,744</u>	<u>343,321</u>	<u>454,263</u>
Net book value				
At 31 December 2022	<u>-</u>	<u>318,561</u>	<u>225,214</u>	<u>543,775</u>
At 31 December 2021	<u>-</u>	<u>370,788</u>	<u>292,885</u>	<u>663,673</u>

MOLECULAR PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

14. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2022	9,105,417	1,612,747	10,718,164
Additions	201,166	23,675	224,841
Disposals	(41,317)	-	(41,317)
At 31 December 2022	<u>9,265,266</u>	<u>1,636,422</u>	<u>10,901,688</u>
Depreciation			
At 1 January 2022	6,800,394	1,360,555	8,160,949
Charge for the 12 month period on owned assets	579,597	89,315	668,912
Disposals	(11,362)	-	(11,362)
At 31 December 2022	<u>7,368,629</u>	<u>1,449,870</u>	<u>8,818,499</u>
Net book value			
At 31 December 2022	<u>1,896,637</u>	<u>186,552</u>	<u>2,083,189</u>
At 31 December 2021	<u>2,305,023</u>	<u>252,192</u>	<u>2,557,215</u>

15. Stocks

	2022 £	2021 £
Raw materials, Work in Progress and Finished Goods	<u>1,853,029</u>	<u>2,180,697</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £4.1m (2021: £6.3m). the cost of inventories recognised as an expense includes £nil (2021: £nil) in respect of write downs of inventory to net realisable value and £246,885 (2021: £179,413 increase) in respect of decrease in stock provision. The write-down and reversal are included in cost of sales.

MOLECULAR PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

16. Debtors

	2022 £	2021 £
Trade debtors	3,209,339	3,596,880
Amounts owed by group undertakings	5,546,607	352,569
Other debtors	77,692	6,503
Prepayments and accrued income	165,848	277,076
Tax recoverable	131,279	131,279
	<u>9,130,765</u>	<u>4,364,307</u>

17. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	1,284,656	342,395
	<u>1,284,656</u>	<u>342,395</u>

18. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	2,171,725	1,810,095
Amounts owed to group undertakings	577,705	815,972
Corporation tax	870,216	-
Other taxation and social security	106,102	111,645
Other creditors	47,896	26,298
Accruals and deferred income	1,007,225	777,971
	<u>4,780,869</u>	<u>3,541,981</u>

The amounts owed to group undertakings are repayable on demand.

MOLECULAR PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

19. Deferred taxation

	2022 £	2021 £
At beginning of year	(256,813)	(124,705)
Charged to profit or loss	(35,518)	(132,108)
At end of year	(292,331)	(256,813)

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(288,515)	(275,572)
Tax losses carried forward	-	15,892
Short term timing difference	(3,816)	2,867
	(292,331)	(256,813)

MOLECULAR PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

20. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
836,051 (2021 - 836,051) Ordinary shares shares of £1.00 each	836,051	836,051
	<u> </u>	<u> </u>

21. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.

Capital contribution

The capital contribution reserve represents a distribution from an equity investor.

Profit and loss account

Includes all current and prior period retained profit and losses.

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £277,575 (2021 - £143,534). Contributions totaling £nil (2022 - £23,306) were payable to the fund at the balance sheet date and are included in creditors.

MOLECULAR PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2022**

23. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
	£	£
Plant and machinery		
Not later than 1 year	38,634	1,082
Later than 1 year and not later than 5 years	147,015	-
Later than 5 years	359	-
	186,008	1,082
	186,008	1,082
	2022	2021
	£	£
Land and building		
Not later than 1 year	456,500	456,500
Later than 1 year and not later than 5 years	1,607,130	1,826,000
Later than 5 years	-	239,294
	2,063,630	2,521,794
	2,063,630	2,521,794

24. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No 102 "Related party disclosures" from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

25. Controlling party

The Company is a subsidiary undertaking of Molecular Products Group Limited. The ultimate controlling party is Filtration Group, Inc, incorporated at Filtration Group Corp, 600 West 22nd Street Suite 300, Oak Brook, Chicago, IL 60523, USA., by virtue of their majority shareholding.

The smallest and largest group into which the Company's accounts are consolidated is headed by Molecular Products Group Limited, the Company's parent company.