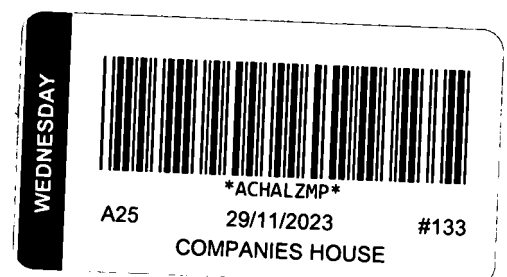


**Bakelite Synthetics UK Limited**

**Annual Report and Financial Statements  
for the year ended 31 December 2022**



# **Bakelite Synthetics UK Limited**

## **Contents**

Officers and professional advisers .....	1
Strategic Report.....	2
Directors' Report .....	4
Income Statement.....	10
Statement of Comprehensive Income .....	10
Statement of Financial Position.....	11
Statement of Changes in Equity.....	12
Notes to the Financial Statements .....	13

# **Bakelite Synthetics UK Limited**

## **Officers and professional advisers**

### **Directors**

J.V. Baker  
R.J.J.J. Brueren  
A.B. Canipe  
J.St.J. Welfoot  
J.P. Aucoin

### **Secretary**

L. Boninsegni

### **Registered Office**

Sully Moors Road  
Sully  
Penarth  
Wales  
CF64 5YU

### **Registered number**

00867053

### **Bankers**

JPMorgan Chase Bank  
N.A. London  
25 Bank Street, Canary Wharf  
London, E14 5JP

### **Solicitors**

Squire Patton Boggs (UK) LLP  
No 1 Spinningfields  
1 Hardman Square  
Manchester  
M3 3EB

### **Independent Auditors**

PricewaterhouseCoopers LLP  
One Kingsway  
Cardiff  
CF10 3PW

# **Bakelite Synthetics UK Limited**

## **Strategic Report for the year ended 31 December 2022**

The directors present their Strategic Report on the Company for the year ended 31 December 2022.

### **Principal activities**

The Company manufactures and sells adhesives and resins for use in a wide variety of applications, which are broadly categorized into Forest Product Resins, Formaldehyde and Performance Resins.

### **Review of the business**

Bakelite Synthetics UK Limited continues as the main trading entity for the Bakelite business in the UK. The results for the financial year are set out in the Income Statement on page 10. Sales in the year are £145.5 million (2021: £121.3 million). The operating profit for the year 2022 is £9.1 million (2021: £1.6 million) including a restructuring charge of £607,000 (2021: £87,000).

The financial position of the Company at the year-end is set out in the Statement of Financial Position on page 11. The directors do not recommend the payment of a dividend for the year (2021: £nil).

### **Brexit**

The company made strong preparations for the BREXIT implementation and there was no significant impact on the Company.

### **COVID-19**

In March 2020, the World Health Organization categorized COVID-19 as a global pandemic. Subsequent to March 31, 2020, the global regions where the Company operates, continue to be impacted by COVID-19. During this pandemic, apart from guidelines published by local governments, the Company has implemented extra guidelines to further protect the health and safety of its employees as the Company continues to operate with its suppliers and customers. For example, the Company is following all legislatively-mandated travel directives in the various countries where it operates, and the Company has also put additional travel restrictions in place for its associates designed to reduce the risk from COVID-19. Additionally, the Company is utilizing extended work from home options to protect its office associates, while adjusting its meeting protocols and processes at its manufacturing sites.

### **Future developments**

The directors expect the Company to perform satisfactorily during the forthcoming financial year. In order to remain competitive in the future economic environment, the Company will continue to develop and enhance the relationship with all customers and focus efforts around productivity and cost reductions in both manufacturing and services.

The company was acquired by the newly formed Bakelite group which is ultimately controlled by Black Diamond Capital Management, LLC and Investindustrial on 30 April 2021.

# **Bakelite Synthetics UK Limited**

## **Strategic Report for the year ended 31 December 2022 (continued)**

### **Principal risks and uncertainties**

The directors believe that the Company's activities expose it to a number of financial risks, mainly around raw material pricing risk. Raw materials pricing remains competitive and it is not always possible to pass directly any increases to the end customer due to contractual or competitors' pricing policies. Also, the general economic environment continues to provide challenges to the business.

The financial risks the Company's operations are exposed to include credit risk, foreign currency risk, liquidity and cash flow risks. The directors apply Bakelite Group policies that seek to limit any adverse financial effects of these risks and these policies are implemented by the Bakelite Europe Finance Department. The Bakelite Group has standard policies which set out specific guidance on how credit risk is managed. Liquidity risk is managed through a Bakelite Europe cash pooling arrangement, which is used to maintain the working capital requirements of the Company on a day to day basis. Currency risk through trading in export markets in foreign currency is managed through forecasting sales and purchases. No hedge accounting is applied.

### **Financial key performance indicators**

The directors focus on operating profit and measures to improve overall profitability, including by changing the product mix from commodity to specialty products and continuing to focus efforts around productivity and cost reductions in both manufacturing and service. These are kept under regular review by the directors and appropriate action taken as required.

### **Non-financial key performance indicators**

The directors believe that the use of non-financial KPIs is not necessary for an understanding of the results and operations of the business.

This report was reviewed by the Board of directors on 8 November 2023 and signed on its behalf by:



R.J.J.J. Brueren

Director

Date: Nov 27, 2023

# **Bakelite Synthetics UK Limited**

## **Directors' Report for the year ended 31 December 2022**

The directors present their Annual Report and the audited financial statements for the year ended 31 December 2022. All amounts disclosed in the financial statements are rounded to the nearest £'000 unless stated otherwise.

### **Review**

The review of business is included in the Strategic report.

### **Directors**

The directors of the Company who were in office during the year and up to the date of signing the financial statements are given below:

R.J.J.J. Brueren  
B. Canipe  
J.St.J. Welfoot  
J.P. Aucoin  
J.V. Baker

### **Employees**

The Company supports the principle of equal opportunities. Its policy is that there should be no unfair discrimination on the grounds of sex, religion or race. Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interest. Employees are made aware of the financial and economic performance of their business unit and of the Company as a whole. Communication with employees continues through briefing groups and newsletters.

### **Health and safety**

In all of Bakelite operations product safety, employee health and safety, and environmental care are important elements in the development of the Company strategy. It is the responsibility of each Hexion company to ensure that corporate environmental policy is put into practice. This includes protecting the environment by limiting the environmental impact of operations, meeting the requirements of legislation and training employees on environmental health and safety concerns.

### **Dividends**

The directors did not recommend dividend payments for the year ended 31 December 2022 (2020: £nil).

### **Financial risk management**

Details of the Company's financial risk management policies can be found within the 'Principal risks and uncertainties' section of the Strategic Report.

### **Going concern**

In considering the appropriate basis on which to prepare the financial statements, the directors are required to consider whether the Company can continue in operational existence for a period of at least 12 months from the approval of the financial statements. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

### **Research and development**

The Company incurred expenditure amounting to £522,953 (2021: £130,000) on research and development during the year.

# **Bakelite Synthetics UK Limited**

## **Directors' Report for the year ended 31 December 2022 (continued)**

### **Political and charitable donations**

The Company made no political or charitable donations in the year (2021: £nil).

### **Qualifying third party indemnity provision**

The directors have an insurance policy in place to provide them with indemnity cover. The insurance policy was in force throughout the financial year and remains in force at the date of this report.

### **Statement by the directors in performance of their statutory duties in accordance with s172(1) of the Companies Act 2006**

#### ***Directors' duties***

Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

'a director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct;
- and
- the need to act fairly as between shareholders of the company.'

The following paragraphs summarise how the Directors' fulfil their duties:

#### ***Risk Management***

We are a solutions provider utilising amino and phenolic resin technologies in order to serve and develop the needs of customers. Key markets served are construction, composites, briquetting and speciality adhesives in UK & Eire and other parts of the world. Customers are supplied through both internal manufacturing assets and tolling manufacturing partnerships that have been developed in order to adapt to changing market conditions. Our aim is that our manufacturing operations are safe, flexible, reliable and sustainable with minimum waste.

Managing risk is fundamental to our business strategy and ensuring that we operate successfully. We consider the main business risks to be those associated with equipment outage, raw material availability, health and safety, compliance with regulatory standards, climate change and loss of business due to customer issues. During the year there were also additional risks associated with Brexit and Covid-19 to manage. During the year the Brexit risk was managed successfully, including the ability to transfer production to EU plants and increasing inventories of raw material and increasing UK manufactured product inventory at EU sites. The Company was able to continue production during Covid-19 due to its classification as an essential industry.

Given the nature of our products and the regulatory environment we operate in, we foster a no risk approach towards breaches of policy and controls in critical areas, such as regulatory standards, health, safety, and environmental issues. We have well defined review processes and controls to monitor and meet these goals. We also are able to draw on the wider Hexion corporate standards where required to help meet our objectives.

#### ***Our People***

We are committed to operating a responsible business in an ethical manner. We recognise that, to be successful, we need a high-performance team and people are our most valuable asset. All employees have adequate training to ensure that they are competent to perform their roles and new talent is recruited in advance, to ensure good handover as our more experienced employees retire. An anonymous third-party employee survey was completed during the year and the matters raised have been followed up with action plans. All employees attend regular Health and Safety meetings during the year and, in line with company policy, all accidents are reported to the corporate body under OSHA reporting regulations. No recordable accidents were recorded in 2022 on any of our UK sites.

# **Bakelite Synthetics UK Limited**

## **Directors' Report for the year ended 31 December 2022 (continued)**

**Statement by the directors in performance of their statutory duties in accordance with s172(1) of the Companies Act 2006 (continued)**

### ***Business Relationships***

The company has a long history of resin production and we support our customers with close technical relationships helping them to achieve continuing success. Our principal customers have been trading with us for many years and our excellence in technical service, flexibility, and continuity has enabled long term volume growth. Close relationships with our major customers have required re-formulations and plant trials, delivering success in many areas. In 2022, new products replaced older technology to reduce end use emissions including low emission wood binders for the Forest Products market. Regular and detailed communication between sales, technical and operations are scheduled to ensure customer needs are considered throughout the supply chain and manufacturing process.

### ***Community and environment***

We enable our employees to support the local communities around us. At Barry, in response to local flooding, we are an active member of the local community action panel and flood prevention group which consists of local businesses, regulators, members of the public, and the council. As part of our support, we regularly clear the local water course to assist with this effort. We recognise that our manufacturing operations need to be sustainable with minimum waste, which we continually improve via our capital expenditure program and ongoing continuous improvement efforts. As part of Hexion Inc, we are committed to continually developing comprehensive global Environmental Health & Safety standards and initiatives that are designed to maintain our safe operations and protect our environment. We comply with all environmental regulations and are certified to ISO standards where applicable.

### ***Culture and values***

We recognise the importance of having the right culture throughout the organisation. Our long-term success depends on achieving our strategic goals in the right way. We have a corporate culture which promotes 'Responsible Chemistry' looking for 'Responsible solutions that shape our future' and this governs the way we develop our business. We promote an open and honest culture and included in our core competences are empowerment, trust and teamwork and authenticity. All employees undertake regular training on ethics and integrity, ensuring standards are well communicated and a knowledge of good practice underpins all decisions.

### ***Shareholders***

We maintain a continuing effective dialogue with our shareholder and parent company. Our strategy and objectives are developed in conjunction with the wider Hexion Inc strategy. We do this by understanding the needs of our diverse customer base and the supply of high quality products backed by excellent service and support.

### **Streamline energy and carbon reporting (SECR)**

On 1 April 2019, the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force. This is the first time the Company has presented these disclosures and covers all sources of the Company's greenhouse gas (GHG) emissions in accordance with the requirements of these regulations.

The methodology for calculating GHG emissions is based on the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard developed by the World Resources Institute and World Business Council for Sustainable Development. All conversion factors have been sourced from recognised public sources, including the UK's Department for business, energy and industrial strategy, the International Energy Agency and the GHG protocol's stationary combustion tool.



# Bakelite Synthetics UK Limited

## Directors' Report for the year ended 31 December 2022 (continued)

### Streamline energy and carbon reporting (SECR) (continued)

Energy consumption used to calculate emissions (kWh):

	2022	2021
Electricity (kWh)	13,033,906	14,558,826
Natural Gas (kWh)	10,119,183	13,097,763
Transport (Diesel)	130,564	116,240
Transport (petrol)	18,430	4,452
	<u>23,302,083</u>	<u>27,777,281</u>
Total		
Production (Te)	134,433	157,209
Emissions in resin tonnes CO <sub>2</sub> e		
	2022	2021
Scope 1 (All other fuels)	1,884	2,429
Scope 2 (Electricity)	2,520	3,091
	<u>4,404</u>	<u>5,520</u>
Total gross tonnes CO <sub>2</sub> e		
Gross tonnes CO <sub>2</sub> e per tonne production	<u>0.033</u>	<u>0.035</u>

### Sustainability

2022 was a difficult year for production with an approx. 14% decrease in output. However, the overall emissions were decreased by a larger factor.

This was achieved through continued close management of energy. An example is creating a shutdown day to allow ancillary equipment to be shutdown to save energy and also to carry out maintenance. This demonstrates that the Company is committed to efficient use of energy.

Additionally, renewable energy is being reviewed with planning permission applied for 2023, for a solar array on an unused area of the Barry site. It is hoped that the system can be installed in 2023 and make a contribution to further reductions in emissions.

# **Bakelite Synthetics UK Limited**

## **Directors' Report for the year ended 31 December 2022 (continued)**

For Bakelite Synthetics, sustainability represents our commitment to being good stewards for our people and the planet through innovative products and processes. As part of this commitment, Bakelite Synthetics is continually developing comprehensive global Environmental Health & Safety standards and initiatives that are designed to maintain our safe operations and protect our environment. Bakelite Synthetics has a strong history of driving improvements in our use of energy.

### **Our Vision**

Use resources responsibly. Produce products more sustainably.

To protect against climate change, we are aligned with the United Nations Sustainable Development Goals and we strive to efficiently use natural resources, optimizing existing processes and enhancing products and technologies through continuous innovation.

Our commercial, technical and product stewardship teams are passionate about supporting our business and partnering with our customers to meet very individualized sustainability targets. By leveraging our technical expertise, applying innovative thinking and using alternative raw materials where possible, our products are widely used to turn renewable raw materials, such as wood, into highly engineered products by our downstream partners. We are proud to help facilitate the transition toward a carbon neutral economy by providing technical solutions for energy conservation in the Building and Construction and the Transportation sectors.

### **Our principles**

- We look for opportunities to incorporate renewable raw materials
- We strive to reduce the use of raw materials that may restrict the recycling of our customers' products.
- We strive to work with local suppliers wherever possible
- Many of our downstream partners participate in cutting edge certification programs

### **Together we will make a difference**

Since Leo Baekeland's invention in 1907, products made with Bakelite resins have been highly valued for their durability and long life cycles. Bakelite is working to develop resins that can further improve life cycle expectations by enabling downstream products to be recycled. We strive to close the gap between the environment and economics.

By incorporating the principles of Energy Management and working closely with downstream partners that are obtaining environmental certifications, we are working to continually make a positive impact on the environment.

# **Bakelite Synthetics UK Limited**

## **Directors' Report for the year ended 31 December 2022 (continued)**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

### ***Directors' confirmations***

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

# **Bakelite Synthetics UK Limited**

## **Directors' Report for the year ended 31 December 2022 (continued)**

### **Audit Exemption**

For the year ended 31 December 2022 the company was entitled to exception under section 479a of the Companies Act 2006.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

On behalf of the Board



R.J.J.J. Brueren

Director

Date: Nov 27, 2023

## Bakelite Synthetics UK Limited

### Income Statement

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Turnover	5	145,473	121,280
Cost of sales		(120,273)	(106,807)
Gross profit		25,200	14,473
Distribution costs		(3,868)	(3,408)
Administrative expenses		(11,869)	(9,074)
Operating profit	6	9,463	1,991
Profit before interest and taxation		9,463	1,991
Interest receivable and similar income	8	39	1
Interest payable and similar expenses	8	(1)	(3)
Net interest expense	8	(38)	(2)
Profit before taxation		9,501	1,989
Tax on profit	9	(348)	(390)
Profit for the financial year		9,153	1,599

### Statement of Comprehensive Income

	Year ended 31 December 2022, £'000	Year ended 31 December 2021 £'000
Profit for the financial year	9,153	1,599
Total comprehensive income for the financial year	9,153	1,599

## Bakelite Synthetics UK Limited

### Statement of Financial Position

	Note	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Fixed assets			
Intangible assets	10	61	61
Tangible assets	11	7,221	6,568
Investments	12	4,834	4,834
		<b>12,116</b>	11,463
Current assets			
Inventories	13	11,767	10,714
Debtors : amounts falling due within one year	14	24,218	21,377
Debtors : amounts falling due after more than one year	14	-	213
Cash at bank and in hand		2,022	4,191
		<b>38,007</b>	36,495
Creditors: amounts falling due within one year	15	(15,496)	(22,483)
Net current assets		<b>22,511</b>	14,012
Total assets less current liabilities		<b>34,627</b>	25,475
Creditors: amounts falling due after more than one year	16	-	-
Net assets		<b>34,627</b>	25,475
Capital and reserves			
Called up share capital	18	2	2
Retained earnings	19	34,625	25,473
Total equity		<b>34,627</b>	25,475

The notes on pages 13 to 33 are an integral part of these financial statements.

For the year ended 31 December 2022 the company was entitled to exception under section 479a of the Companies Act 2006.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The financial statements were approved and authorised for issue by the Board of directors on 8 November 2023 and were signed on its behalf by



R.J.J.J. Brueren  
Director

Bakelite Synthetics UK Limited  
Registered No. 00867053

**Bakelite Synthetics UK Limited****Statement of Changes in Equity**

	<b>Called-up share capital £'000</b>	<b>Share premium account £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
At 1 January 2021	2	-	23,875	23,875
Profit for the financial year	-	-	1,599	1,599
Total comprehensive income for the year	-	-	1,599	1,599
At 31 December 2021 and 1 January 2022	2	-	25,474	25,474
Profit for the financial year	-	-	9,153	9,153
Total comprehensive income for the year	-	-	9,153	9,153
At 31 December 2022	2	-	34,627	34,627

# **Bakelite Synthetics UK Limited**

## **Notes to the financial statements**

### **1. General information**

Bakelite Synthetics UK Limited ('the Company') designs and manufactures chemicals. The Company has manufacturing plants in the UK and sells primarily to the UK and the rest of Europe. The Company is a private limited company, incorporated and domiciled in the UK and is part of Bakelite Topco UK Limited group, a world leader in Phenolic and Formaldehyde specialty resins. The address of its registered office is Sully Moors Road, Sully, Penarth, Wales, CF64 5YU.

### **2. Statement of compliance**

The individual financial statements of Bakelite Synthetics UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### **3. Summary of significant accounting policies**

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.

#### **(a) Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the certain financial assets and liabilities measured at fair value through profit or loss.

It has not prepared consolidated financial statements as the company is included within the consolidated financial statements of Bakelite UK TopCo Limited.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

#### **(b) Going concern**

In considering the appropriate basis on which to prepare the financial statements, the directors are required to consider whether the Company can continue in operational existence for a period of at least 12 months from the approval of the financial statements. For the year ended 31 December 2022 the Company used a cash pooling arrangement from other group undertakings. The directors, having assessed the responses of the directors of the Company's new ultimate parent Bakelite UK TopCo Limited, have no reason to believe that a material uncertainty exists that may cast significant doubt on the ability of the company to continue as a going concern or its ability to continue with the current banking arrangements. On this basis of this assessment, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

#### **(c) Exemptions for qualifying entities under FRS 102**

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its parent company, Bakelite TopCo Limited, includes the Company's cash flows in its own consolidated financial statements. In addition, the Company has taken advantage of the exemption, under FRS 102 paragraph 26.18(b), 26.19 to 26.21 and 26.23, concerning group equity instruments and has not disclosed the share-based payments of any director as they are share-based payment arrangements which concern equity instruments of the Hexion group entity. Equivalent disclosures have been made in the group's consolidated financial statements.

#### **(d) Foreign currency**

##### **(i) Functional and presentational currency**

The Company's functional and presentational currency is the pound sterling.

##### **(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.



## **Notes to the financial statements**

### **3. Summary of significant accounting policies (continued)**

#### **(d) Foreign currency (continued)**

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'finance (expense)/income'. All other foreign exchange gains and losses are presented in the Income Statement within 'other operating (losses)/gains'.

#### **(e) Turnover recognition**

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes.

The Company bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Company recognizes turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of turnover can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Company's sales channels have been met, as described below.

##### **(i) Sale of goods**

The Company shall recognise turnover from the sale of goods when all the following conditions are satisfied:

- (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of turnover can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **(ii) Interest income**

Interest income is recognized using the effective interest rate method.

#### **(f) Exceptional items**

The Company classifies certain one-off charges or credits that have a material impact on the Company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

#### **(g) Employee benefits**

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and a contribution pension plan.

##### **(i) Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

## **Notes to the financial statements**

### **3. Summary of significant accounting policies (continued)**

**(ii) Defined contribution pension plans**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognized as an expense when they are due. Amounts not paid are shown in accruals in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**(iii) Annual bonus plan**

The Company operates an annual bonus plan for employees. An expense is recognised in the Income Statement when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

**(h) Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognized in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

**(i) Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**(ii) Deferred tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognized in financial statements.

Deferred tax is recognized on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognized when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

**(i) Intangible assets**

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortized over its estimated useful life, of between three and five years, on a straight line basis.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortization rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

## **Notes to the financial statements**

### **3. Summary of significant accounting policies (continued)**

#### **(j) Tangible assets**

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalized.

##### **(i) Land and buildings**

Land and buildings include freehold manufacturing sites and offices. Land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses.

##### **(ii) Plant and machinery**

Plant and machinery are stated at cost less accumulated depreciation and accumulated impairment losses.

##### **(iii) Depreciation and residual values**

Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

- Freehold land and buildings – over periods up to 50 years
- Plant and machinery – 5 – 30 years

##### **(iv) Subsequent additions and major components**

Subsequent costs, including major inspections, are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognized. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

##### **(v) Assets under construction**

Assets in the course of construction are stated at cost. These assets are not depreciated until it is available for use.

##### **(vi) De-recognition**

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

#### **(k) Investments**

Investments in subsidiary companies are held at cost less accumulated impairment losses.

#### **(l) Leased assets**

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

##### **(i) Operating leased assets**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease.

## **Notes to the financial statements**

### **3. Summary of significant accounting policies (continued)**

#### **(m) Inventories**

Inventories are stated at the lower of historical cost and estimated selling price less costs to complete and sell. Inventories are recognized as an expense in the period in which the related revenue is recognized.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. The cost of manufactured finished goods and work in progress includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity).

At the end of each reporting period, inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the Income Statement. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Income Statement.

#### **(n) Cash at bank and in hand**

Cash at bank and in hand includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **(o) Group relief**

Group relief is surrendered to/received from other group companies for no consideration.

In specific circumstances, individual group companies may reach agreement between themselves to surrender and/or receive group relief for consideration within the tax on profit on ordinary activities in the Income Statement.

Should group relief be surrendered to/received from other group companies for consideration, the consideration paid will reflect, at a minimum, the corporation tax amounts surrendered and/or received. These amounts are reported as expenses or benefits within the tax on profit/(loss) on ordinary activities within 'Retained earnings'.

On a discretionary basis, group companies, may agree to compensate for amounts in excess of the corporation tax amounts surrendered and/or received. In this instance, the excess over the corporation tax amount is shown as a separate movement within the 'Retained earnings' reserve on the Statement of Financial Position.

#### **(p) Impairment of non-financial asset**

At each Statement of Financial Position date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Income Statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

## **Notes to the financial statements**

### **3. Summary of significant accounting policies (continued)**

#### **(p) Impairment of non-financial asset (continued)**

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Income Statement.

#### **(q) Provisions and contingencies**

##### **(i) Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular:

(a) Restructuring provisions are recognised when the Company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and

(b) Provision is not made for future operating losses.

(c) Environmental provisions are recognised when there is a legal or constructive obligation as a result of past events. The provision is based on management's best estimate of the liabilities.

All provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

##### **(ii) Contingencies**

Contingent liabilities, arising as a result of past events, are not recognised when (a) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (b) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognized. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

#### **(r) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **(s) Distributions to equity holders**

Dividends and other distributions to Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the Statement of Changes in Equity.

#### **(t) Related party transactions**

The Company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

## **Notes to the financial statements**

### **3. Summary of significant accounting policies (continued)**

#### **(u) Financial instruments**

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### *Financial assets*

The Company only enters into basic financial assets, including trade and other debtors and cash and bank balances. These are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### *Financial liabilities*

Basic financial creditors, including trade and other creditors, bank loans and balances due to from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

#### **v) Consolidated financial statements**

The financial statements contain information about Bakelite Synthetics 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 ultimate parent company, Bakelite Topco UK Limited.

### **4. Critical accounting judgements and estimation uncertainty**

In applying the accounting policies detailed above, decisions sometimes have to be made as to the likely outcome of future events. Those judgements and estimates made in preparing the financial statements are based on historical experience and assumptions that the directors believed were reasonable in the circumstances.

#### **(i) Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 11 for the carrying amount of the property plant and equipment, and Note 3 for the useful economic lives for each class of assets.

## **Notes to the financial statements**

### **4. Critical accounting judgements and estimation uncertainty (continued)**

**(ii) Inventory provisioning**

The Company manufactures and sells adhesives and resins for use in a wide variety of applications. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated salability of finished goods and future usage of raw materials. See Note 13 for the net carrying amount of the inventory and associated provision.

**(iii) Impairment of debtors**

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See Note 14 for the net carrying amount of the debtors and associated impairment provision.

### **5. Turnover**

Analysis of turnover by geography:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	<b>93,882</b>	71,756
Rest of Europe	<b>48,253</b>	46,358
Other	<b>3,338</b>	3,166
	<b>145,473</b>	121,280

Analysis of turnover by category:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Sales of goods	<b>145,473</b>	121,280
	<b>145,473</b>	121,280

## **Notes to the financial statements**

### **6. Operating profit**

**Operating profit is stated after charging/(crediting):**

	<b>Note</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Wages and salaries		<b>6,649</b>	6,271
Social security costs		<b>857</b>	683
Pension costs	21	<b>442</b>	329
<b>Total staff costs</b>		<b>7,948</b>	7,283
<hr/>			
Reorganisation expense		-	8
Redundancy expenses		<b>607</b>	79
Loss on disposal of tangible assets		<b>4</b>	72
Operating lease rentals:			
- vehicles		<b>33</b>	32
- plant and equipment		<b>93</b>	62
- land and buildings		<b>73</b>	39
Foreign exchange loss/(gain)		<b>148</b>	(2)
Audit fees payable to the Company's auditors		<b>(16)</b>	77
Research and development written off		<b>523</b>	130
Depreciation of owned fixed assets		<b>1,966</b>	1,149
Impairment of inventory (included in cost of sales)		-	-

In accordance with SI 2008/489 the Company has not disclosed the fees payable to the Company's auditors for 'Other services' as this information is included in the consolidated financial statements of Bakelite UK TopCo Limited. The company bears the audit fees for the other UK subsidiaries.

Administrative expenses included corporate recharges of £11,869,000 (2021: £9,073,948).



**Notes to the financial statements****7. Employees and directors****Employees**

The average monthly number of persons (including executive directors) employed by the Company during the year was:

By Activity	2022 No.	2021 No.
Production	74	76
Sales	2	3
Administration	19	19
	95	98

During the year, 2 director received emoluments from the Company (2021: 1), being J V Baker and J S Welfoot. Emoluments in respect of other directors' services are not recharged to the Company as their services are considered incidental to their services to the Group as a whole.

**Directors**

The directors' emoluments were as follows:	2022 £'000	2021 £'000
Aggregate emoluments	872	458
Company contributions to defined contribution schemes	60	63
	932	521

	2022 No.	2021 No.
Post-employment benefits are accruing for the following directors, who are members of defined contribution schemes	2	2

The highest paid director received emoluments of £607,995 and pension contribution of £21,843 prior year being emoluments of £252,407 and pension contribution of £14,489.

**Notes to the financial statements**

**8. Net interest (expense)**

**a) Interest receivable and similar income**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest receivable	<b>39</b>	<b>1</b>
Total interest receivable and similar income	<b>39</b>	<b>1</b>

**b) Interest payable and similar expenses**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable on overdrafts and bank loans	<b>(1)</b>	<b>(3)</b>
Total interest payable and similar expenses	<b>(1)</b>	<b>(3)</b>

**c) Net interest expense**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable and similar income	<b>39</b>	<b>1</b>
Interest payable and similar expenses	<b>(1)</b>	<b>(3)</b>
Total net interest expense	<b>38</b>	<b>(2)</b>

**Notes to the financial statements**

**9. Tax on profit**

**a) Tax expense included in the Income Statement**

	<b>Note</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Current tax			
- UK Corporation tax on profit for the year		-	-
- Adjustment in respect of previous periods		(-)	(2)
<b>Total current tax</b>		<b>(-)</b>	<b>(2)</b>
Deferred tax:			
- Origination and reversal of timing differences		<b>265</b>	413
- Adjustment in respect of previous periods		-	2
- Effect of changes in tax rates		<b>83</b>	(51)
<b>Total deferred tax</b>	<b>20</b>	<b>348</b>	364
<b>Tax on profit</b>		<b>348</b>	362

**Notes to the financial statements**

**9. Tax on profit (continued)**

**b) Reconciliation of tax charge**

Tax assessed for the year is the same as (2021: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2020: 19%). The differences are explained below:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Profit before taxation	<b>9,501</b>	1,989
Profit before taxation multiplied by the standard rate in the UK of 19% (2021: 19%)	<b>1,805</b>	378
Effects of:		
- Expenses not deductible for tax purposes	<b>12</b>	95
- Group relief not paid for	<b>(1,407)</b>	(60)
- Impact of double tax relief	<b>(145)</b>	-
- Adjustment in respect of previous periods	-	-
- Tax rate changes	<b>83</b>	(51)
Tax charge for the year	<b>348</b>	362

**Factors that may affect future tax charges**

The Finance Act 2022 enacted on 10 June 2021 increased the main rate of UK corporation tax from 19% to 25%, effective from 1 April 2023. Deferred taxes on the balance sheet have been measured at 25% in respect of fixed assets and losses (2021 – 19%) which represents the future corporation tax rate that was enacted at the balance sheet date. The deferred tax on short-term timing differences (reserves) has been measured at 19% on the basis that these balances are expected to unwind prior to the planned increase to 25%.

**Notes to the financial statements**

**10. Intangible assets**

	<b>Software £'000</b>
<hr/>	
At 1 January 2021	
Cost	575
Accumulated amortisation and impairment	(514)
Net book amount	61
<hr/>	
Year ended 31 December 2021	
Opening net book amount	61
Additions	-
Amortisation charge	-
Closing net book amount	61
<hr/>	
At 31 December 2022	
Cost	575
Accumulated amortisation and impairment	(514)
Net book amount	61
<hr/>	

**Notes to the financial statements**

**11. Tangible assets**

	<b>Note</b>	<b>Freehold land and buildings £'000</b>	<b>Plant and equipment £'000</b>	<b>Assets under construction £'000</b>	<b>Total £'000</b>
<b>At 1 January 2022</b>					
Cost		4,555	40,333	795	45,683
Accumulated depreciation and impairment		(2,697)	(36,419)	-	(39,116)
Closing net book value		1,858	3,914	795	6,567
<b>Year ended 31 December 2022</b>					
Opening net book value		1,858	3,914	795	6,567
Additions		76	168	1,241	1,485
Transfers		81	113	(243)	(49)
Disposals		-	(3)	-	(3)
Depreciation	7	(143)	(636)	-	(779)
Closing net book value		1,872	3,556	1,793	7,221
<b>At 31 December 2022</b>					
Cost		4,712	40,608	1,793	47,113
Accumulated depreciation and impairment		(2,840)	(37,052)	-	(39,892)
Closing net book value		1,872	3,556	1,793	7,221

## Bakelite Synthetics UK Limited

### Notes to the financial statements

#### 12. Fixed asset investments

	Shares in subsidiaries £'000
At 1 January 2022	4,834
Additions	-
At 31 December 2022	4,834

During the year, the Company subscribed to 9,999 (99.99%) equity shares of Rs.10 each in the share capital of a newly set up subsidiary Bakelite PSR India Private Ltd.

In 2019, the company transferred its Botlek branch operations into a new subsidiary Hexion Botlek B.V. (now Bakelite Botlek B.V.) The Company contributed and transferred the business in Botlek branch to the subsidiary by way of a non-cash contribution on shares issued by the subsidiary. The investment in the subsidiary is satisfied by acquiring 2 ordinary shares at the nominal value of €1.00 each. The shares of Bakelite Botlek B.V. have been pledged as security to JP Morgan Chase Bank N.A. for the year ended 31 December 2021.

The following companies are directly held by Bakelite Synthetics UK Limited.

Entity	Country of incorporation/ Registered office	Proportion of voting rights and share capital held	Principal Activity
Bakelite Botlek B.V.	Chemiestraat 30 3197 KB Botlek Rotterdam the Netherlands	100% ordinary shares	Manufacture and sale of Formaldehyde.
Bakelite Synthetics India Private Ltd.	#1302, Tower-3, ONE International Center, Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400 013, India	99.99% ordinary shares	Manufacture of man-made fibres.

#### 13. Inventories

	2022 £'000	2021 £'000
Raw materials and consumables	9,199	9,250
Work-in-progress	913	895
Finished goods and goods for resale	1,655	569
	11,767	10,714

There is no significant difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts. Inventories are stated after provisions for impairment of £NIL (2021: £NIL). Inventory was pledged as security against the group's bank loan for the year ended 31 December 2022.

## **Notes to the financial statements**

### **14. Debtors**

<b>Amounts falling due within one year</b>	<b>Note</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Trade debtors		<b>8,757</b>	12,898
Amounts owed by group undertakings			
- fellow subsidiary companies		<b>13,477</b>	6,277
Deferred tax asset	20	-	-
Corporation tax asset		<b>932</b>	932
Other debtors		<b>604</b>	1,809
Prepayments and accrued income		<b>448</b>	361
		<b>24,218</b>	22,277

<b>Amounts falling due after more than one year</b>	<b>Note</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Deferred tax asset	20	<b>(135)</b>	213

Trade debtors are stated after provision for impairment of £NIL (2021: £NIL).

Amounts owed by fellow subsidiaries comprise trade receivables of £2,092,000 (2021: £1,906,000); loans receivable under the European cash pooling arrangement of £11,354,000 (2021: £4,371,000).

### **15. Creditors: amounts falling due within one year**

	<b>2022 £'000</b>	<b>2021 £'000</b>
Trade creditors	<b>9,737</b>	12,272
Amounts owed to group undertakings		
- fellow subsidiaries	<b>3,302</b>	3,714
Other creditors	<b>2,004</b>	6,070
Accruals and deferred income	<b>466</b>	1,328
Corporation tax	-	-
	<b>15,509</b>	23,384

Amounts owed to fellow subsidiaries are unsecured, interest free, do not have a fixed date of repayment and are repayable on demand.



**Notes to the financial statements**

**16. Creditors: amounts falling due after more than one year**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Accruals and deferred income	-	-
	-	-

**17. Financial instruments**

The Company has the following financial instruments:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Financial assets that are debt instruments measured at amortised cost		
- Trade debtors	<b>8,757</b>	12,898
- Amounts owed by group undertakings	<b>13,477</b>	6,277
- Other debtors	<b>1,291</b>	1,809
	<b>23,525</b>	20,984
Financial liabilities measured at amortised cost		
- Trade creditors	<b>9,737</b>	12,272
- Amounts owed to group undertakings	<b>3,302</b>	3,714
- Other creditors	<b>2,004</b>	6,070
	<b>15,043</b>	22,056

The Company has no derivative financial instruments (2021: £nil). Tangible fixed assets, inventory and trade debtors are pledged as security against the group's bank loan.

**Notes to the financial statements**

**18. Called up share capital**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Called up, issued, allotted and fully paid 1,995 (2020: 1,995) ordinary shares of £1 each	<b>2</b>	<b>2</b>

There is a single class of ordinary shares. There are no restrictions on distributions of dividends and the repayment of capital.

**19. Retained Earnings**

The retained earnings represent the accumulated profits, losses and distributions of the Company.

**Dividends**

The company made £nil dividend payment for the year ended 31 December 2022 (2021: £nil)

**20. Deferred tax (liability)/asset**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Fixed assets timing differences	<b>(135)</b>	213
Short term timing differences	-	-
Deferred tax	<b>(135)</b>	213
Recoverable within one year	<b>(135)</b>	(6)
Recoverable after more than one year	-	219
Deferred tax	<b>(135)</b>	213

	<b>Deferred tax asset £'000</b>
Provision for deferred taxation	
At 1 January 2022	213
Charge to Income Statement	348
At 31 December 2022	<b>(135)</b>

There are no unrecognised tax losses or unused tax credits.

## **Notes to the financial statements**

### **21. Post-employment benefits**

The Company provides a group personal pension arrangement for its employees. The amount recognised as an expense for this defined contribution arrangement was £442,000 (2021: £329,000). There was an amount of £nil outstanding at the year-end (2021: £nil).

### **22. Capital and other commitments**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Operating Lease Commitments		
Within one year	<b>117</b>	16
Within two to five years	<b>212</b>	427
After five years	<b>1,209</b>	764
	<b>1,538</b>	1,207

The contracts authorised for future capital expenditure not provided in these financial statements was £nil (2021: £nil). The Company had no other off-balance sheet commitments.

### **23. Contingent liabilities**

In the opinion of the directors, there were no material contingent liabilities or commitments requiring disclosure.

### **24. Related party disclosures**

The Company is exempt from disclosing transactions with members of the group headed by Bakelite UK TopCo Limited. that are wholly owned within the group. Key management, in addition to the directors, include a number of senior managers who have the authority and responsibility for planning, directing and controlling the activities of the Company.

### **25. Controlling parties**

During the year ended 31 December 2022, the immediate parent undertaking was Bakelite Synthetics UK Holding Limited, a company incorporated in the United Kingdom.

The smallest and largest group which consolidates the results of the Company was headed by Bakelite UK Topco Limited. The consolidated financial statements of Bakelite UK Topco Limited. may be obtained from Sully Moors Road, Sully, Penarth, Wales, CF64 5YU. Bakelite UK Topco Limited is controlled by investment funds headed by Black Diamond Capital Management and Investindustrial.