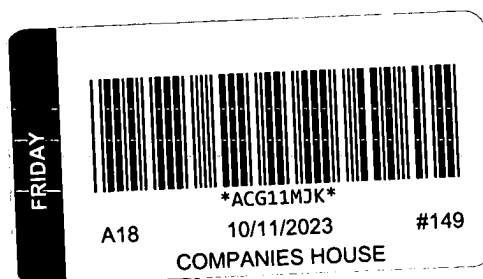


Arkema Holding Limited

Registered number: 00868680

**Annual report and financial statements
for the year ended 31 December 2022**



Arkema Holding Limited

Directors

R Massey
X Durand-Delacre
K Kane

Secretary

K Kane

Auditors

Ernst & Young LLP,
No.1 Colmore Square,
Birmingham,
B4 6HQ,
United Kingdom

Registered Office

c/o Bostik Limited,
Common Road,
Stafford,
ST16 3EH

Arkema Holding Limited

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Arkema Holding Limited

Strategic report for the year ended 31 December 2022

The directors present their strategic report on Arkema Holding Limited (“the company”) for the year ended 31 December 2022.

Principal activities

The company’s principal activity during 2022 was that of a holding company. The company is part of the Arkema group.

Review of business and future developments

As shown on the company’s income statement on page 9, revenue for the year was £nil (2021: £nil). The only income generated by the business is dividends received from its’ subsidiary companies, which for the year ended 31 December 2022 totalled £7,391,000 (2021: £8,900,000). The main expense relates to interest on intergroup loans and the impairment charge detailed below.

The total loss after tax for the year was £3,225,000 (2021: profit of £6,359,000).

Arkema Holding Limited is the parent company of Bostik Limited, Sovereign Chemicals Limited, Siroflex Limited and Bostik Adhesives Limited.

The company expects to receive dividend income from these companies which will enable the company to repay its intercompany loan.

On 27 July 2022, the company issued 126,154 shares, each of £1,000, totalling £126,154,000 to its parent company. On 26 July 2022, the company subscribed to 126,154,000 shares, each of £1 from Bostik Adhesive Limited. As part of its impairment review, the company impaired its investment in Bostik Adhesives Limited to the net assets of the subsidiary, recording an impairment charge of £8,349,000.

The company has not been directly impacted by the economic impact of inflation in the year and does not expect to be impacted in 2023 or beyond. The company’s intercompany loans are at a fixed interest rate and therefore the company is not significantly impacted by increasing global interest rates in the current year.

Key performance indicators

The Board does not consider there are any financial Key Performance Indicators (KPIs) over and above the primary financial statements which are key to understanding the performance of the business.

Financial risk management

The company’s subsidiaries, Bostik Limited and Siroflex Limited, are expected to provide a dividend income stream to support the outgoings of the company.

Principal risks and uncertainties

The remaining key risks for Arkema Holding Limited are being unable to meet the loan repayment schedule or a significant deterioration in the value of its investments.

Arkema Holding Limited’s principle source of income will now be dividend payments from subsidiaries. Bostik Limited and Arkema Holding Limited have also put in place an agreement to surrender any tax losses incurred by Arkema Holding Limited to Bostik Limited. Bostik Limited will make a payment equal to the corporation tax benefit it receives from the tax losses. The value of investments is monitored on an annual basis.

Arkema Holding Limited

Strategic report for the year ended 31 December 2022 (continued)

Reporting under s172(1) of the Companies Act 2006

The directors are required to report on the matters set out in sections 172(1) (a) to (f) of the Companies Act 2006 in respect of the way in which the directors undertake their decision making processes so that the company acts in an ethical manner that is mutually beneficial to all the interested stakeholders of the company.

The company is a member of the Arkema Group, a global material company with sales in excess of €11 billion and employing over 20,000 people. As a wholly-owned subsidiary of the Arkema Group, the company therefore has only has a sole member and the company provides regular updates on the company's performance through its regular reporting lines.

The Arkema Group of companies has strong ethical standards that are shared amongst all the companies that make up the group. These cover all aspects of the business including, but not limited to, protecting the environment and sustainability, ensuring compliance with both local and international laws and fair and equal treatment of staff.

The directors of the company follow these policies when making decisions that impact the company and it's subsidiaries.

The directors aim to maximise the profit of the company by ensuring that decisions made are both ethical and are made in good faith whilst not taking a disproportionate level of risk. Structures are in place to escalate issues to Group and this is complied with by the directors. This is to minimise risk.

The directors recognise that customers are key to the success of the subsidiary businesses and dealings with them are transparent, consistent and fair. The directors place great emphasis on ensuring that dealings are compliant with legislation and that all stakeholders also adhere to these principles.

By order of the board

DocuSigned by:

Robert Massey

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R Massey

Director

8 November 2023

Arkema Holding Limited

Directors' report for the year ended 31 December 2022

The directors present their report and the audited financial statements of the company for the year ended 31 December 2022.

Dividends

The company did not pay a dividend in the year ended 31 December 2022. (2021: £nil).

Loss / profit after tax

The loss after tax for the year was £3,225,000 (2021: profit of £6,359,000).

Directors

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

X Durand-Delacre

K Kane

R Massey

In accordance with the articles of association, no directors retire by rotation.

Future developments

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

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate.

The company has net current liabilities of £2,000,000 (2021: £1,676,000) and net assets of £193,011,000 (2021: £70,082,000). The company is part of the Intra Group Treasury Agreement, with Arkema France. Arkema France has confirmed that the company has available funding through this group facility up to £100,000,000 until at least 31 December 2024. At 31 October 2023 the company has an overdraft balance of £2,387,000.

In assessing the going concern position of the company for the year ended 31 December 2022, the directors have considered the company's cash flows, liquidity and likely business activities until at least 31 December 2024. In making their assessment, the directors note the limited and predictable nature of the company's liabilities. In addition, the directors of the company have considered whether Arkema France will be able to provide the required funding and have concluded that the company has access to sufficient resources, as set out above, to meet its obligations.

For this reason, the directors continue to adopt the going concern basis for the preparation of the financial statements.

Arkema Holding Limited

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

Statement of directors' responsibilities

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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- prepare the financial statements on a 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. 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.

Independent auditors

The independent auditors, Ernst & Young LLP, have indicated their willingness to continue in office.

Arkema Holding Limited

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

Provision of information to auditors

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

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

On behalf of the board

DocuSigned by:

Robert Massey

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R Massey

Director

8 November 2023

Arkema Holding Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARKEMA HOLDING LIMITED

Opinion

We have audited the financial statements of Arkema Holding Limited for the year ended 31 December 2022 which comprise the Income statement, the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 17, 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 FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period until 31 December 2024 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Arkema Holding Limited

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 this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 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 4, 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.

Arkema Holding Limited

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

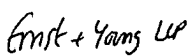
Due to the simplicity of the company and the small number of transactions our procedures focussed on:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom.
- We understood how the company is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in these areas, and corroborated this by reviewing supporting documentation.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override through the impairment of investments.
- Our procedures included verifying that material transactions are recorded in compliance with FRS 101 and where appropriate Companies Act 2006. Compliance with other operational laws and regulations was covered through our inquiry with no indication of non-compliance identified.

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

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.

DS

Ernst & Young LLP

Helen Hemming (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Birmingham, UK

8 November 2023

Arkema Holding Limited

Income statement for the year ended 31 December 2022

		2022	2021
	Note	£'000	£'000
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses - ongoing		-	(7)
Administrative expenses - Exceptional items	9	(8,279)	-
Operating (loss)	4	(8,279)	(7)
Finance costs	7	(2,868)	(3,124)
Dividends received		7,391	8,900
(Loss) / profit on ordinary activities before income tax		(3,756)	5,769
Tax on (loss) / profit on ordinary activities	8	531	590
(Loss) / profit for the financial year		(3,225)	6,359

Statement of comprehensive income for the year ended 31 December 2022

		2022	2021
	Note	£'000	£'000
(Loss) / profit for the financial year		(3,225)	6,359
Total comprehensive income for the year		(3,225)	6,359

Arkema Holding Limited

Statement of financial position as at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Investment in subsidiaries	11	266,155	148,350
		266,155	148,350
Current assets			
Trade and other receivables	12	656	1,245
		656	1,245
Creditors: amounts falling due within one year	13	(2,656)	(2,921)
Net current liabilities		(2,000)	(1,676)
Total assets less current liabilities		264,155	146,674
Creditors: amounts falling due after more than one year	14	(71,144)	(76,592)
Net assets		193,011	70,082
Capital and reserves			
Called up share capital	15	165,304	39,150
Profit and loss account		27,707	30,932
Total shareholders' funds		193,011	70,082

The financial statements were approved by the board of directors on 8 November 2023 and were signed on its behalf by:

DocuSigned by:

Robert Massey

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R Massey

Director

Registered number: 00868680

Arkema Holding Limited

Statement of changes in equity for the year ended 31 December 2022

	Called up share capital £'000	Profit & loss account £'000	Total £'000
At 31 December 2021	39,150	24,573	63,723
Profit for the year	-	6,359	6,359
Total comprehensive income for the year	-	6,359	6,359
At 1 January 2022	39,150	30,932	70,082
Loss for the year	-	(3,225)	(3,225)
Total comprehensive income for the year	-	(3,225)	(3,225)
Allocation of shares	126,154	-	126,154
At 31 December 2022	165,304	27,707	193,011

Arkema Holding Limited

Notes to the financial statements for the year ended 31 December 2022

1 General information

The principal activity of the company during the year was as a UK parent company. The company is a private company limited by shares, a subsidiary of Arkema SA and is incorporated and domiciled in the UK. The address of its registered office is c/o Bostik Limited, Common Road, Stafford, ST16 3EH. The financial statements were authorised for issue by the board of directors on 8 November 2023 and the balance sheet was signed on the board's behalf by R Massey.

2 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.

Basis of preparation

The financial statements are presented in sterling, rounded to the nearest thousand. They are prepared on a going concern basis and under the historical cost convention. The principal accounting policies applied in the preparation of these financial statements are set out below, and, unless otherwise stated, these policies have been consistently applied to all the periods presented.

The company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to produce group financial statements because it is a wholly owned subsidiary of Arkema SA, registered in France. These financial statements present information about the company as an individual undertaking and not about its group.

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 "Reduced Disclosure Framework (FRS 101) and, the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The company is a qualifying entity for the purposes of FRS 101. Note 17 gives details of the company's ultimate parent and from where its' consolidated financial statements prepared in accordance with IFRS may be obtained.

Arkema Holding Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

The principle disclosure exemptions adopted by the company in accordance with FRS 101 are as follows:

- Statement of cash flows;
- IFRS 13 fair value disclosures;
- IAS 1 information on management of capital;
- IFRS 7, 'Financial Instruments: Disclosures';
- IAS 7, 'Statement of cash flows';
- IAS 8 disclosures in respect of new standards and interpretations that have been issued but which are not yet effective;
- IAS 24 disclosure of key management personnel compensation;
- IAS 24 disclosures in respect of related party transactions entered into between fellow group companies (the company has no other related party transactions); and
- Roll-forward reconciliations in respect of share capital (IAS 1), property, plant and equipment (IAS 16) and Intangible assets (IAS 38).

Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate.

The company has net current liabilities of £2,000,000 (2021: £1,676,000) and net assets of £193,011,000 (2021: £70,082,000). The company is part of the Intra Group Treasury Agreement, with Arkema France. Arkema France has confirmed that the company has available funding through this group facility up to £100,000,000 until at least 31 December 2024. At 31 October 2023 the company has an overdraft balance of £2,387,000.

In assessing the going concern position of the company for the year ended 31 December 2022, the directors have considered the company's cash flows, liquidity and likely business activities over a period until at least 31 December 2024. In making their assessment, the directors note the limited and predictable nature of the company's liabilities. In addition, the directors of the company have considered whether Arkema France will be able to provide the required funding and have concluded that the company has access to sufficient resources, as set out above, to meet its obligations.

For this reason, the directors continue to adopt the going concern basis for the preparation of the financial statements.

Arkema Holding Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

Foreign currencies

The functional and presentational currency of the company is Sterling. Transactions denominated in foreign currencies are recorded in Sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange prevailing at that date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.

Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services provided in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

Financial instruments

The company's financial instruments comprise cash at bank, currency account balances held with the parent undertaking and equity investments in non-listed companies.

In general, the classification of current and non-current financial assets in accordance with IFRS 9 is based on the following measurement categories:

- at amortised cost,
- at fair value through profit or loss.

The classification into the relevant measurement category is determined by the business model based on the management of the respective financial asset and by the contractual cash flow characteristics of the financial asset.

The company's financial assets at amortised cost include cash at bank and currency account balances held with the parent undertaking.

Equity investments over which the company does not have significant control are valued at fair value through profit and loss. The company has elected to classify irrevocably its non-listed equity investments under this category.

Arkema Holding Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents 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. In the balance sheet bank overdrafts are shown in current liabilities.

Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Arkema Holding Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

Fixed asset investments

Investments in group companies are stated at cost less provision for impairment. The company carries out a review for the potential impairment of an investment if events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. Such impairment reviews are performed in accordance with IAS 36. Any impairments are recorded in the profit and loss account.

If, after an impairment loss has been recognised, the recoverable amount of an investment increases because of a change in economic conditions or in the expected use of the asset, the resulting reversal of the impairment loss is recognised in the current year to the extent that it increases the carrying amount of the fixed asset up to the amount it would have been had the original impairment not occurred.

Provisions

Provisions are recognised when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are discounted where material to the company.

New accounting requirements applied for the first time in the financial year

There are no new IFRS standards that have been adopted in the year ending 31 December 2022 that have had an impact on the company.

3 Critical accounting estimates and judgments

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Impairment of investments

Investments are tested for impairment whenever events or changes in circumstances indicate that the carrying value amounts for these assets may not be recoverable. For the purposes of determining whether impairment of investments has occurred and the extent of any impairment or its reversal, management review a range of measures relating to the underlying entities performance, changes to net assets of investee entities or the net present value of future cashflows.

Arkema Holding Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

4 Operating (loss)

Auditors remuneration for the year ended 31 December 2022 of £6,800 is borne by another Arkema group entity (2021: £6,400).

5 Remuneration of directors

All directors in the current and prior year are remunerated through other group companies and receive no emoluments for their services to Arkema Holding Limited. The director's services to Arkema Holding Limited are considered inconsequential to their wider group roles.

6 Staff numbers and costs

The company employed no staff in the current or the prior financial year. Consequently, the company incurred no costs in relation salaries and the associated costs of employing individuals.

7 Finance costs

	2022	2021
	£'000	£'000
Group loans	(2,868)	(3,124)
	(2,868)	(3,124)

Arkema Holding Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

8 Tax on profit on ordinary activities

	2022 £'000	2021 £'000
UK corporation tax:		
Current tax credit arising in the year	(532)	(582)
Adjustment in respect of prior years	(1)	(6)
Total current tax credit	(533)	(588)
Deferred tax:		
Origination and reversal of timing differences	2	(2)
Total deferred tax charge / (credit)	2	(2)
Total tax credit	(531)	(590)

Arkema Holding Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

8 Tax on profit on ordinary activities (continued)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19.00% (2021: 19.00%). The actual tax credit for the year is lower (2021: lower) than the standard rate for the reasons set out in the following reconciliation:

	2022	2021
	£'000	£'000
(Loss) / profit before tax from continuing operations	(3,756)	5,769
Tax on (loss) / profit on ordinary activities at standard rate	(714)	1,096
Factors affecting charge for the year:		
Other	-	(1)
Income not taxable	(1,404)	(1,691)
Expenses not deductible for tax purposes	1,586	-
Prior year adjustments	1	6
Total tax credit for the year	(531)	(590)
Income tax credit in the income statement	(531)	(590)

Factors that may affect future tax charges

The UK Budget 2021 announcements on 3 March 2021 included an increase to the UK's main corporation tax rate from 19% to 25%, which is due to be effective from 1 April 2023. These changes enacted at the balance sheet date and hence have been reflected in the measurement of deferred tax balances at the end of the previous period.

Arkema Holding Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

9 Exceptional items

	2022	2021
	£'000	£'000
Recovery on impaired financial asset	70	-
Impairment of investment	(8,349)	-
	(8,279)	-

The company received £70,000 from its investment in an associate which had in previous years entered into administration and where the asset had been impaired. The company recorded an impairment of £8,349,000 in relation to its investment in Bostik Adhesives Limited.

10 Deferred tax liabilities and assets

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior year. Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2021: 25%).

Movement on deferred taxation balance in the year		
	2022	2021
	£'000	£'000
At 1 January	8	6
Income statement charge (note 8)	(2)	2
At 31 December	6	8

	2022	2021
	£'000	£'000
Short term temporary differences	6	8
Total deferred tax asset	6	8

Arkema Holding Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

11 Investments

	Shares in subsidiary undertakings £'000	Total £'000
Cost		
At 1 January 2022	148,350	148,350
Additions	126,154	126,154
At 31 December 2022	274,504	274,504
Impairment		
At 1 January 2022	-	-
Impairment	(8,349)	(8,349)
At 1 January 2022 and 31 December 2022	(8,349)	(8,349)
Net book amount		
At 31 December 2022	266,155	266,155
At 31 December 2021	148,350	148,350

The directors have considered whether there are any indicators of impairment under IAS36 in relation to its investments. This resulted in the impairment of the investment in Bostik Adhesives Limited to the net asset value of the company. The impairment charge of £8,349,000 is included in administrative costs as an exceptional item.

	Principal activities at 31 December 2022	Country of registration	Class of share held	Proportion
Bostik Limited	Manufacture and sale of adhesives	England	Ordinary	100%
Siroflex Limited	Distribution of sealants and adhesives	England	Ordinary	100%
Sovereign Chemicals Limited	Non-trading	England	Ordinary	100%
Bostik Adhesives Limited	Manufacture and sale of adhesives	England	Ordinary	100%

Arkema Holding Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

11 Investments (continued)

The registered offices of the subsidiary companies are:

Bostik Limited Common Road Works Common Road Stafford ST16 3EH	Sovereign Chemicals Limited c/o Bostik Limited Common Road Stafford ST16 3EH	Siroflex Limited Dodworth Business Park Dodworth Barnsley S75 3SP
Bostik Adhesives Limited Common Road Works Common Road Stafford ST16 3EH		

During the year, the company subscribed to additional share capital of Bostik Adhesives Limited, following the broader group acquisition of a complimentary segment of a company whose headquarters are in the United States of America.

12 Trade and other receivables

	2022	2021
	£'000	£'000
Amounts due from group undertakings	608	1,102
Tax recoverable through group relief	42	135
Deferred tax asset	6	8
	656	1,245

Amounts due from group undertakings relate to group relief from fellow UK subsidiaries of the Arkema group.

The company also has access to the group cashpool, where it can receive and deposit cash, and which bears interest at LIBOR-0.2% for deposits per annum.

Arkema Holding Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

13 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Amounts due to group undertakings	2,647	2,911
Accruals	9	10
	2,656	2,921

14 Creditors: amounts falling due after one year

	2022	2021
	£'000	£'000
Amounts due to group undertakings	71,144	76,592
	71,144	76,592

Included in amounts due to group undertakings is £71,144,000 (2021: £76,592,000) on which interest is charged.

The original principle loan of £80,996,000 is unsecured but repayable over a 10 year term commencing February 2015 at an interest rate of 4.53%. The company has funded the acquisition of Siroflex Limited by borrowing further funds from the group of £29.4m. The loan is unsecured but repayable over a 10 year term commencing 5 January 2017 at an interest rate of 2.53%.

Arkema Holding Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

15 Share capital

	2022	2021
	£'000	£'000
Allotted and fully paid		
165,304 (2021: 39,150) ordinary shares of £1,000 each	165,304	39,150

On 27 July 2022, the company issued 126,154 shares of £1,000 each to its parent entity for total consideration of £126,154,000.

16 Capital management, financial risk management objectives and policies

An explanation of the company's financial instrument risk management objectives, policies and strategies is set out in the directors' report.

The directors consider that the company has minimal sensitivity to interest rate and foreign currency risk and hence have not presented sensitivity analysis.

17 Ultimate parent company and controlling party

The company's immediate parent undertaking is Arkema Participations SAS, a company incorporated in France. Its registered office is at 420 rue d'Estienne d'Orves, 92700 Colombes, registered with the Nanterre Register of Companies, registration number 418 681 029 R.C.S.

In the directors' opinion the company's ultimate parent undertaking and controlling party is Arkema SA, a company incorporated in France. This is the smallest and largest group in which the company is consolidated. Its registered office and the address from which group financial statements can be obtained is at 420 rue d'Estienne d'Orves, 92700 Colombes, registered with the Nanterre Register of Companies, registration number 445 074 685 R.C.S.