
VALTRIS SPECIALTY CHEMICALS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



VALTRIS SPECIALTY CHEMICALS LIMITED

COMPANY INFORMATION

Directors	P A Angus K Patel A Gehrlein (resigned 8 May 2020) B W Johnson G Walton M Keshian
Registered number	00995767
Registered office	Lankro Way Eccles Manchester M30 0LX
Independent auditors	Crowe U.K. LLP 3rd floor The Lexicon Mount Street Manchester M2 5NT

VALTRIS SPECIALTY CHEMICALS LIMITED

CONTENTS

	Page
Strategic report	1 - 7
Directors' report	8 - 9
Independent auditors' report	10 - 13
Statement of comprehensive income	14
Balance sheet	15
Statement of changes in equity	16 - 17
Notes to the financial statements	18 - 39

VALTRIS SPECIALTY CHEMICALS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present the strategic report of the company for the year ended 31 December 2020, detailing the main factors impacting upon the business during the year and a review of progress.

Business review

Principal activities

The principal activities of the company continued to be the manufacture and distribution of chemical products with industrial and domestic uses.

Review of the business during the year

2020 was a highly unusual year with two significant events strongly driving the business results. First, the Covid-19 pandemic affected market demand across the world, creating economic turmoil. Second, the ongoing discussions throughout 2020 between UK and EU towards a post-Brexit trade deal overshadowed much of the year, particularly as these discussions ran well into December and created much uncertainty on how the business landscape would look from January 2021 onwards. Despite volume and revenue falling due to these key headwinds, Operating Income increased through falling raw material costs, lower regulatory costs, government furlough support and sustained business growth in Asia-Pacific.

Turnover in 2020 decreased from prior year by 7.6% to £74.9m (2019 £81.0m), driven by an extremely low market demand in Quarter 2 followed by the start of a gradual, but not full, recovery during Quarters 3 and 4. Despite this reduction in turnover, Operating Profit increased by 6.3% to £7.79m (2019 £7.32m) for the reasons mentioned above. It should also be noted that a significant £2m boost in sales revenue occurred towards the end of the year as many customers in the EU purchased extra stock to act as a safety buffer against potential problems once the Brexit transition period expired at the end of December. During the 4th Quarter of 2020 global freight became tighter and more expensive, raw material costs began to systematically increase and availability began to rapidly tighten. Coupled with anticipated operational cost increases arising post-Brexit, a volume gap following the pre-Brexit stock build and a higher expectation of regulatory costs, the targeted growth in the early part of 2021 is very likely to be dampened.

Foreign exchange rates were a headwind to the business in 2020 with a stronger GBP vs EUR impacting the margins from the largely EUR denominated customer base, which had a notable impact on post-tax profits.

Demand for Valtris products fell by 4.9% in 2020, primarily from the Covid-19 driven downturn which impacted many key market sectors such as Automotive and Coated Fabrics, both down by more than 20%. In addition to this, the growing uncertainty over a potential hard Brexit led to many EU based customers introducing local back-up supply options in order to reduce their post-Brexit supply risk. As a result of these two factors demand for Valtris products in EU & UK fell by 9.1%, although this was partly offset by a growth 5.8% in Asia, as China in particular displayed a strong recovery and demand for products with a cleaner environmental profile increased.

Following the acquisition in 2018 of two businesses in Europe, commercial synergies continued to be achieved through further market channel optimisation, cross selling of all Valtris products via the expanded commercial & technical teams and the introduction of a Customer Relationship Management (CRM) software to accelerate the delivery of new market opportunities.

From a regulatory standpoint, EU REACH related costs largely came from toxicological test programs which arose as a result of REACH entering the evaluation phase. 2020 regulatory costs for Valtris were lower than in 2019, reflecting the timing element of many of these toxicological test programs, especially those which need to run of a significant number of months. Looking forwards, changing regulatory requirements are expected to bring additional costs to the business, particularly the new REACH programs in the UK and in India, the Biocidal Products Regulation as well as changes in other parts of the world.

VALTRIS SPECIALTY CHEMICALS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Safety is fundamental to all activities of Valtris and we remain committed to the well-being of our employees and of the environment. Following zero injuries in 2019, there were two lost time injuries in 2020, both occurring as a result of a slip, trip or fall, which was very disappointing as these should be avoidable. In order to reduce the risk of this kind of injury and return to the target level of zero injuries, a corporate initiative has now been implemented with specific focus upon walking and working surfaces. More generally, and in line with our aim to consistently achieve zero injuries to our workforce, we continue to reinforce safety awareness throughout the organisation together with the implementation of behavioural, procedural and risk reduction improvements wherever possible. Covid-19 brought additional safety risks and, as such, had a strong influence on both operating and safety procedures within Valtris, with new and/or updated risk assessments and safety measures being introduced accordingly.

Headcount was slightly down as, given the underlying uncertainty created by the Covid-19 pandemic, several opportunities were taken to reorganise and absorb vacant positions arising from retirees and leavers. This approach is likely to lead to a small reduction in headcount in 2021, particularly as the size of the organisation does not lend itself to large scale changes.

VALTRIS SPECIALTY CHEMICALS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties

The following principal risks encountered in the normal course of business have been assessed and managed by the directors;

Commercial risk

The company operates in a changing economic and competitive environment that presents risks, many of which cannot be predicted or controlled.

The company faces competition in both pricing and market share. This is handled through management of contracts between the company and its customers. The company strives to continually enhance its reputation for quality and service to maintain strong customer relationships.

A large proportion of materials purchases are commodities for which prices can fluctuate significantly. Gross margins achieved are heavily influenced by the ability to pass on price increases to customers and the ability to source materials at competitive prices.

Financial risks

The Company is exposed to a variety of financial risks in the ordinary course of business, including commodity price volatility, liquidity and interest rate risk.

Liquidity

The policy has been to ensure continuity of funding by acquiring a proportion of fixed assets under finance and operating leases and financing operations via short term credit facilities with the principal funder. The directors have reviewed forecasts for the next 12 months and consider that available financial resources are sufficient to meet the cash flow requirements of the business.

Interest rate risk

The interest rate on the companies borrowings fluctuates. The company has reduced the exposure to this risk following redemption of external lending.

The policies and procedures in relation to the monitoring of these risks are undertaken in conjunction with management of the ultimate parent. This includes continual risk assessment, monitoring and, if deemed necessary, entering into contractual arrangements in order to mitigate the adverse effects on the Group's financial performance.

Credit risk

There is a risk of loss to the company arising from financial difficulties experienced by customers and potentially the failure of customers to meet their financial obligations. The company manages this risk through credit control procedures and continual monitoring of creditworthiness. Amounts presented in the financial statements for trade receivables are net of allowances for doubtful debts estimated by management based upon experience and their assessment of the risks arising from the current economic environment. Management consider that the operational risk is reduced to an acceptable level.

Currency risk

The company is exposed to currency risk as sales are invoiced in different currencies. As a result the company is exposed to exchange gain variances between GBP, the US Dollar, the Euro and the Indian Rupee. The risk is mitigated to a certain extent, in that foreign currency bank accounts are maintained and, where possible, a natural hedge will result from buying and selling in the same currency. Management continually monitor the exposure of the company.

VALTRIS SPECIALTY CHEMICALS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Legal and regulatory risks

The company operates in a highly regulated industry and operates a manufacturing site that is an "Upper Tier" COMAH site, governed by Environment Permits issued by the Environment Agency and with an Hazardous Substances Consent license issued by the Competent Authority (Salford Council) for the storage and use of hazardous materials.

The company also has a duty of care to its employees under the Health & Safety at Work Act to provide a safe place of work and this is monitored by the Health and Safety Executive (HSE).

REACH is a further major piece of legislation which impacts on the company's operation and business within Europe, requiring it to register its products with the European Chemical Agency (ECHA), providing a dossier of information on the potential environmental and public health impacts of its products. It requires the company to both communicate to its customers how its products need to be handled to be used safely, as well as using the information provided by its suppliers on how it handles raw materials used on site.

The company is regularly audited on compliance with these regulations.

To assist in managing its obligations against these legal requirements, the company has developed a robust management system which is accredited to ISO9001 (Quality), ISO 14001 (Environment) and OHSAS 18001 (Health & Safety) standards. The management system includes written instruction for all operational activities on site with documented risk assessments of tasks and COSHH assessments for the handling of all materials. As well as external audits by the accrediting body, BSI, the company carries out its own internal audits of its practices against required standards.

The company communicates and consults with its employees on legal and regulatory requirements through a number of forums, but chiefly through the Operations Health, Safety & Environment Committee (OHSEC) and the Eccles Site Production Agreement (ESPA) Committee as well as regular team briefs and written notices as required.

As the Company can be impacted by a range of legislation changes, it subscribes to Newground Legislation Update Service, and is a member of the trade organisation, the Chemicals Industry Association (CIA) which supports the industry sector with legal updates, lobbying of government and legal advice.

Financial key performance indicators

The directors monitor and manage the performance of the company assisted by the production of detailed monthly management reports containing detailed monthly accounts and a number of key financial and non-financial performance measures. The main KPIs include turnover, gross margin and operating costs by business segment.

VALTRIS SPECIALTY CHEMICALS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Other key performance indicators

Various non-financial KPIs are included in the management information used to monitor the performance of manufacturing and the wider business;

- On time shipments
- Invoice accuracy
- Grade II produced
- Aged inventory

Employment related measures include;

- Sickness levels
- Lost time injury frequency

Health and safety measures include;

- Reportable spills/exceedances
- PSPI's (Process Safety Performance Indicators).

The latter are required under COMAH and are monitored under their intervention program.

VALTRIS SPECIALTY CHEMICALS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Directors' statement of compliance with duty to promote the success of the Company

Section 172 of the Companies Act 2006 requires a director to act in a way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a director to have regard, among other matters, to: the likely consequences of any decision 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 the environment; the desirability of the company maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the company.

The Directors give careful consideration to the factors set out above in discharging their duties under section 172. The stakeholders we consider in this regard are the people who work for us, our customers and those in the supply chain with whom we engage, our owners, regulatory bodies and people living in the societies within which we operate. The Directors recognise that building strong relationships with our stakeholders will help us to deliver our strategy in line with our long-term values and operate the business in a sustainable way. We are committed to doing business responsibly and thinking for the long term.

The Directors regularly receive reports from management on issues concerning clients, the environment, suppliers, employees, and other stakeholders which it takes into account in its discussions and in its decisionmaking process under section 172.

Employment

Directors receive monthly updates on various staff metrics. The company is committed to promoting a healthy workforce with focus on mental health and wellbeing, developing a culture of inclusion, ensuring training and development opportunities are provided and keeping staff informed of key issues through our communications network. We look to attract and retain staff via our recruitment and development strategies.

Applications for employment by disabled persons are always fully considered, bearing in mind the 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 group continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Customers

As well as the Directors receiving updates from senior management on the company's interaction with customers, Directors and senior managers regularly meet customer representatives to maintain relationships and understand their specific needs.

Suppliers

We have consistent standards and procedures for the onboarding and use of external suppliers. We require suppliers to meet our compliance and financial stability requirements, as well as to meet our requirements around health and safety where appropriate.

Community and the environment

The company fully recognises the importance of its environmental responsibilities, monitors and controls its impact on the environment and implements policies aimed at reducing any damage that might be caused by its operations. In this respect further details of the regulatory environment and the response of the company are included in the "Principal risks and uncertainties" section above.

VALTRIS SPECIALTY CHEMICALS LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

This report was approved by the board on 30 August 2021 and signed on its behalf.



B W Johnson
Director

VALTRIS SPECIALTY CHEMICALS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £146,938 (2019 - £4,137,644).

The directors do not recommend payment of a dividend.

Directors

The directors who served during the year were:

P A Angus
K Patel
A Gehrlein (resigned 8 May 2020)
B W Johnson
G Walton
M Keshian

Future developments

Future developments are covered in the Business Review above.

VALTRIS SPECIALTY CHEMICALS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Engagement with employees

The management team communicates regularly with employees through briefings and periodic team meetings chaired by the directors.

The company is committed to equality of opportunity and makes every reasonable effort to ensure that there is no harassment or unlawful discrimination in the way that the company treats its employees, contractors, job applicants and visitors.

Engagement with suppliers, customers and others

Details are included in the Strategic Report.

Matters covered in the strategic report

The Strategic report includes details of principal activities, the business review, principal risks and uncertainties, key performance indicators and statement of compliance with s172.

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

Post balance sheet events

At the time of approval of the financial statements, the COVID19 situation continues to develop and has been designated a global pandemic by the World Health Organisation. Note 2.4 details the limited impact of the crisis upon the company and its operational performance, together with the actions taken to mitigate the effects and to continue operations.

Auditors

The auditors, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 August 2021 and signed on its behalf.



B W Johnson
Director

VALTRIS SPECIALTY CHEMICALS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VALTRIS SPECIALTY CHEMICALS LIMITED

Opinion

We have audited the financial statements of Valtris Specialty Chemicals Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

VALTRIS SPECIALTY CHEMICALS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VALTRIS SPECIALTY CHEMICALS LIMITED (CONTINUED)

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 8, 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.

VALTRIS SPECIALTY CHEMICALS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VALTRIS SPECIALTY CHEMICALS LIMITED (CONTINUED)

Auditors' 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 Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error and discussed these between audit team members. We then designed and performed audit procedures in response to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations which have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Tax legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for evidence of management bias.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

VALTRIS SPECIALTY CHEMICALS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VALTRIS SPECIALTY CHEMICALS LIMITED
(CONTINUED)



Michael Jayson (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

3rd floor
The Lexicon
Mount Street
Manchester
M2 5NT

3 September 2021

VALTRIS SPECIALTY CHEMICALS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	74,856,903	81,044,982
Cost of sales		(59,853,191)	(65,873,098)
Gross profit		15,003,712	15,171,884
Distribution costs		(4,210,796)	(4,625,497)
Administrative expenses		(1,982,786)	(1,815,530)
Exceptional administrative expenses		(58,349)	(442,170)
Other operating income	5	162,394	165,510
Other operating charges		(1,127,565)	(1,130,369)
Operating profit	6	7,786,610	7,323,828
Income from investments in group companies		2,059,417	5,303,724
Interest payable and similar charges	11	(10,304,539)	(7,522,081)
(Loss)/profit before tax		(458,512)	5,105,471
Tax on (loss)/profit	12	605,450	(967,827)
Profit for the financial year		146,938	4,137,644

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).


The notes on pages 18 to 39 form part of these financial statements.

VALTRIS SPECIALTY CHEMICALS LIMITED
REGISTERED NUMBER: 00995767

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	14	945,805	1,293,211
Tangible assets	15	3,141,386	3,286,267
Investments	16	67,805,317	67,444,586
		<u>71,892,508</u>	<u>72,024,064</u>
Current assets			
Stocks	17	8,204,658	9,697,046
Debtors: amounts falling due after more than one year	18	21,985,440	24,364,405
Debtors: amounts falling due within one year	18	15,880,298	13,774,272
Cash at bank and in hand	19	3,098,118	2,290,216
		<u>49,168,514</u>	<u>50,125,939</u>
Creditors: amounts falling due within one year	20	(12,484,865)	(11,789,679)
Net current assets		<u>36,683,649</u>	<u>38,336,260</u>
Total assets less current liabilities		<u>108,576,157</u>	<u>110,360,324</u>
Creditors: amounts falling due after more than one year	21	(75,488,267)	(77,419,372)
Provisions for liabilities			
Deferred tax	22	(259,443)	(259,443)
Net assets		<u><u>32,828,447</u></u>	<u><u>32,681,509</u></u>
Capital and reserves			
Called up share capital	23	1,000,000	1,000,000
Other reserves	24	6,026,769	6,026,769
Profit and loss account	24	25,801,678	25,654,740
		<u><u>32,828,447</u></u>	<u><u>32,681,509</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 August 2021.


B W Johnson
Director

The notes on pages 18 to 39 form part of these financial statements.

VALTRIS SPECIALTY CHEMICALS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Other reserves - Paid in capital	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	1,000,000	6,026,769	25,654,740	32,681,509
Comprehensive income for the year				
Profit for the year	-	-	146,938	146,938
At 31 December 2020	<u>1,000,000</u>	<u>6,026,769</u>	<u>25,801,678</u>	<u>32,828,447</u>

The notes on pages 18 to 39 form part of these financial statements.

VALTRIS SPECIALTY CHEMICALS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Other reserves - Paid in capital	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	1,000,000	6,026,769	21,517,096	28,543,865
Comprehensive income for the year				
Profit for the year	-	-	4,137,644	4,137,644
At 31 December 2019	<u>1,000,000</u>	<u>6,026,769</u>	<u>25,654,740</u>	<u>32,681,509</u>

The notes on pages 18 to 39 form part of these financial statements.

VALTRIS SPECIALTY CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Valtris Specialty Chemicals Limited is a private company limited by shares and registered in England and Wales (Registered No. 00995767).

The address of its principal place of business and registered office is;
Lankro Way
Eccles
Manchester UK
M30 0LX

The principal activities of the company continued to be the manufacture and distribution of chemical products with industrial and domestic uses.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Akcros Acquisition Limited as at 31 December 2020 and these financial statements may be obtained from Akcros Acquisition Limited, registered office: Lankro Way, Eccles, Manchester M30 0LX.

VALTRIS SPECIALTY CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.4 Going concern

At the time of approval of the financial statements, the COVID19 situation continues but with the easing of restrictions.

The overall impact upon orders and sales during the early phases of the crisis was significant, reflecting the reduction in demand from key markets. In response, where necessary the group implemented a detailed cost control program, has worked closely with suppliers and customers to address security of supply concerns and has participated in local government employee support (furlough) schemes for a limited number of its workforce.

It is acknowledged that there remains a degree of uncertainty and the coronavirus can potentially impact operations resulting from supply chain disruption, labour shortages or productivity challenges. However, these issues have not occurred and other potential problems had already been addressed by the measures introduced by management. There are now positive signs of improving demand with many countries in the company's primary EU market beginning to ease lockdown rules and encourage a safe, risk assessed return to work program. The directors have undertaken planning and forecasting and will continue to closely monitor the developing situation.

The directors have reviewed forecasts for a period extending at least 12 months from the date of approval of these financial statements. On the basis of this review, taking into account the general economic position of the sector, recent developments with regard to COVID19 and continuing future prospects, they consider that the Company and wider group will remain profitable and be in a position to finance operations and meet financial obligations as they fall due for the foreseeable future.

Furthermore, assurances have been received from the ultimate parent Group that support will be extended if required.

As a consequence, the directors believe that the Company is well placed to manage its business risks and working capital cash flows successfully. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The going concern basis therefore continues to be adopted in preparing the financial statements.

VALTRIS SPECIALTY CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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 profit or loss 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 Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.8 Product development and R&D

All expenditure is charged to the profit and loss account in the year in which it was incurred.

VALTRIS SPECIALTY CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Pensions

Defined contribution pension plan

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 recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

VALTRIS SPECIALTY CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.13 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.14 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life.

Other intangible assets

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

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

Amortisation is provided on the following bases:

Customer relationship	-	12 %	Straight line
Goodwill	-	20 %	Straight line
Technology	-	10 %	Straight line
Patents	-	20 %	Straight line

2.15 Tangible fixed assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

VALTRIS SPECIALTY CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.15 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Leasehold property improvements	- Over the lease term or asset life if shorter
Plant and machinery	- 4-33% per annum
Motor vehicles	- 20% per annum
Fixtures, fittings and equipment	- 10-20% per annum
Assets in progress (under construction)	- Not depreciated until brought into use

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

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

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.17 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.18 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

VALTRIS SPECIALTY CHEMICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.19 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.20 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.21 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

VALTRIS SPECIALTY CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

Preparation of the financial statements requires management to make significant judgments and estimates. The areas in the financial statements where these judgments and estimates have been made include:

Intangible fixed assets

Intangible assets acquired as part of a business combination can have varying useful economic lives and their value to the business looking forward can be impacted by economic and commercial changes. The directors are required to review the carrying values of acquired intangible fixed assets annually in the light of the trading performance of the associated business segment and future prospects. They are required to consider the possibility that there may be indications of impairment and reach a judgment and potentially a provision based upon their conclusions.

Trade debtors

There is a risk of loss to the company arising from financial difficulties experienced by customers and potentially the failure of customers to meet their financial obligations. The company manages this risk through credit control procedures and continual monitoring of creditworthiness. Amounts presented in the financial statements for trade receivables are net of allowances for doubtful debts. The decisions concerning the requirement to make provisions or the amounts to reserve are made by management, based upon experience and their assessment of the risks arising from the current economic environment.

Stocks

Certain economic factors could affect the realisable value of the company's stocks, including customer demand and market conditions. There is also the risk of technical obsolescence or changes in environmental policy or regulations. Management monitor and consider these factors together with practical measures of historic usage, expected future demand, anticipated achievable selling prices, the impact of new product introduction, product obsolescence and other factors in evaluating risks and recommend provisions as required.

4. Turnover

All of the turnover is attributable to the principal activity of the manufacture and distribution of chemical products.

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	11,007,903	13,381,982
Other European	56,224,000	60,457,000
Rest of the World	7,625,000	7,206,000
	<u>74,856,903</u>	<u>81,044,982</u>

VALTRIS SPECIALTY CHEMICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Other operating income

	2020 £	2019 £
Net rents receivable	91,335	91,332
Management charges receivable	44,651	39,281
Other income	26,408	34,897
	<u>162,394</u>	<u>165,510</u>

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Research & development charged as an expense	298,904	331,648
Depreciation of tangible fixed assets	631,344	628,490
Amortisation of intangible assets, including goodwill	347,406	374,419
Operating lease rentals - plant	184,374	159,960
Operating lease rentals - land and buildings	699,250	683,500
	<u>699,250</u>	<u>683,500</u>

7. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	40,815	39,345
	<u>40,815</u>	<u>39,345</u>

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

VALTRIS SPECIALTY CHEMICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	6,087,308	6,557,796
Social security costs	554,539	533,233
Cost of defined contribution pension schemes	494,664	461,901
	<u>7,136,511</u>	<u>7,552,930</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Production	76	76
Administrative and management	52	47
	<u>128</u>	<u>123</u>

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	267,032	227,282
Company contributions to defined contribution pension schemes	56,282	25,241
	<u>323,314</u>	<u>252,523</u>

During the year retirement benefits were accruing to 2 directors (2019 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £168,713 (2019 - £169,407).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £30,482 (2019 - £16,684).

VALTRIS SPECIALTY CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

10. Interest receivable and similar income

	2020 £	2019 £
Unrealised exchange gains on re-translation of monetary assets & liabilities	-	2,803,888
Interest on loans to group undertakings	2,059,417	2,499,836
	<u>2,059,417</u>	<u>5,303,724</u>

11. Interest payable and similar expenses

	2020 £	2019 £
Interest on loans from group undertakings	6,947,076	7,522,081
Unrealised exchange losses on re-translation of monetary assets & liabilities	3,357,463	-
	<u>10,304,539</u>	<u>7,522,081</u>

12. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	(87,108)	960,642
Adjustments in respect of previous periods	(518,342)	-
	<u>(605,450)</u>	<u>960,642</u>
Total current tax	<u>(605,450)</u>	<u>960,642</u>
Deferred tax		
Origination and reversal of timing differences	-	7,185
Total deferred tax	<u>-</u>	<u>7,185</u>
Taxation on (loss)/profit on ordinary activities	<u>(605,450)</u>	<u>967,827</u>

VALTRIS SPECIALTY CHEMICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	(458,512)	5,105,471
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(87,117)	970,039
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6,540	6,709
Capital allowances for year in excess of depreciation	(17,828)	54,720
Adjustments to tax charge in respect of prior periods	(518,342)	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	-	7,105
Changes in tax rate	-	(2,305)
Other differences leading to an increase (decrease) in the tax charge	11,297	(68,441)
Total tax charge for the year	(605,450)	967,827

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

13. Exceptional items

	2020 £	2019 £
Acquisition and re-organisation costs	58,349	217,789
Inventory written off following change in policy	-	191,565
Other exceptional costs	-	32,816
	58,349	442,170

VALTRIS SPECIALTY CHEMICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Intangible assets

	Customer relationship £	Goodwill £	Technology £	Patents £	Total £
Cost					
At 1 January 2020	355,000	747,000	1,661,000	151,000	2,914,000
At 31 December 2020	355,000	747,000	1,661,000	151,000	2,914,000
Amortisation					
At 1 January 2020	181,367	609,995	678,427	151,000	1,620,789
Charge for the year on owned assets	44,332	137,005	166,069	-	347,406
At 31 December 2020	225,699	747,000	844,496	151,000	1,968,195
Net book value					
At 31 December 2020	129,301	-	816,504	-	945,805
At 31 December 2019	173,633	137,005	982,573	-	1,293,211

VALTRIS SPECIALTY CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

15. Tangible fixed assets

	Leasehold £	Plant & machinery £	Motor vehicles, fixtures & fittings £	Fixtures and fittings £	Assets in progress £	Total £
Cost or valuation						
At 1 January 2020	380,596	24,211,933	36,985	702,788	325,131	25,657,433
Additions	-	114,869	-	-	371,594	486,463
Transfers between classes	151,547	107,517	-	-	(259,064)	-
At 31 December 2020	532,143	24,434,319	36,985	702,788	437,661	26,143,896
Depreciation						
At 1 January 2020	161,036	21,484,424	35,607	690,099	-	22,371,166
Charge for the year on owned assets	27,395	602,407	570	972	-	631,344
At 31 December 2020	188,431	22,086,831	36,177	691,071	-	23,002,510
Net book value						
At 31 December 2020	343,712	2,347,488	808	11,717	437,661	3,141,386
At 31 December 2019	219,560	2,727,509	1,378	12,689	325,131	3,286,267

The net book value of land and buildings may be further analysed as follows:

	2020 £	2019 £
Short leasehold improvements	343,712	219,560

VALTRIS SPECIALTY CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

16. Fixed asset investments

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost or valuation			
At 1 January 2020	66,256,196	1,188,390	67,444,586
Additions	-	360,731	360,731
At 31 December 2020	<u>66,256,196</u>	<u>1,549,121</u>	<u>67,805,317</u>

During the year, the company made an equity investment in Valtris Specialty Chemicals India Private Limited for consideration of £360,731.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Valtris Advanced Organics Limited	England	Ordinary	100%
Valtris Advanced Organics Belgium NV	Belgium	Ordinary	99.99%
Valtris Advanced Organics Maastricht BV	The Netherlands	Ordinary	100%
Valtris Enterprises Limited	England	Ordinary	100%
Valtris France SAS	France	Ordinary	100%
Valtris Enterprises France SAS	France	Ordinary	100%
Valtris Champlor SAS	France	Ordinary	100%

Principal activities of subsidiaries

The principal activities of subsidiary undertakings were as follows;

Valtris Advanced Organics Limited and Valtris Enterprises Limited; the distribution and sale of chemical products

Valtris Advanced Organics Belgium NV, Valtris Advanced Organics Maastricht BV and Valtris Enterprises France SAS; the manufacture of chemical products.

Valtris Champlor SAS; Manufacture and sale of biodeisel products

Valtris France SAS; Holding company

VALTRIS SPECIALTY CHEMICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Fixed asset investments (continued)

Associate

The following was an associate of the Company:

Name	Registered office	Class of shares	Holding
Valtris Specialty Chemicals India Private Limited	India	Ordinary	48%

17. Stocks

	2020 £	2019 £
Raw materials and consumables	2,451,037	2,489,001
Finished goods and goods for resale	5,753,621	7,208,045
	<u>8,204,658</u>	<u>9,697,046</u>

Impairment loss provisions of £248,365 were recognised against inventory (2019 £443,101) and £194,736 was therefore released in the year.

There is no material difference between the replacement cost of stocks and the carrying value in the financial statements.

VALTRIS SPECIALTY CHEMICALS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

18. Debtors

	2020 £	2019 £
Due after more than one year		
Amounts owed by group undertakings	<u>21,985,440</u>	<u>24,364,405</u>

Loans to group undertakings are repayable on 31 July 2025 and interest is charged at 8.5% pa.

	2020 £	2019 £
Due within one year		
Trade debtors	10,584,403	8,994,479
Amounts owed by group undertakings	3,710,495	3,876,446
Other debtors	952,135	376,161
Prepayments and accrued income	633,265	527,186
	<u>15,880,298</u>	<u>13,774,272</u>

An impairment loss provision of £15,000 (2019: £15,000) was recognised against trade debtors.

19. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>3,098,118</u>	<u>2,290,216</u>

20. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	7,461,774	4,756,016
Amounts owed to group undertakings	378,388	145,944
Corporation tax	-	653,851
Other taxation and social security	154,483	156,869
Other creditors	2,606,361	4,333,403
Accruals and deferred income	1,883,859	1,743,596
	<u>12,484,865</u>	<u>11,789,679</u>

VALTRIS SPECIALTY CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

21. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Amounts owed to group undertakings	<u>75,488,267</u>	<u>77,419,372</u>

Amounts owed to group undertakings consist of unsecured loans from Polymer Additives Inc. A Promissory note was issued in relation to loans extended to Valtris Specialty Chemicals Limited for a total facility of €112,607,880. The maturity date for repayment of the loan is 31 July 2025. Interest is charged at 8.5%.

The outstanding balance at 31 December 2020 was €83,867,465 (2019 €91,510,116). The GBP balance at the balance sheet date was as above £75,488,267 (2019 £77,419,372).

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	2020 £	2019 £
Amounts owed to Group undertakings repayable other than by installments	<u>-</u>	<u>77,419,372</u>

VALTRIS SPECIALTY CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

22. Deferred taxation

	2020 £
At beginning of year	(259,443)
Charged to profit or loss	-
At end of year	<u>(259,443)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(278,791)	(278,791)
Short term timing differences	19,348	19,348
	<u>(259,443)</u>	<u>(259,443)</u>

VALTRIS SPECIALTY CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

23. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1,000,000 (2019 - 1,000,000) Ordinary shares of £1.00 each	<u>1,000,000</u>	<u>1,000,000</u>

24. Reserves

Other reserves

Paid in capital

Following the acquisition of the company in April 2016, the Group headed by Polymer Additives Holdings Inc, introduced fixed capital to the UK Group and a capital contribution of £6,026,000 is reflected in Valtris Specialty Chemicals Limited. This reserve is deemed to be distributable.

Profit and loss account

The profit and loss account is the cumulative retained earnings of the company comprising distributable and non-distributable reserves.

VALTRIS SPECIALTY CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

25. Pension commitments

Prior to the acquisition of the company on 4 April 2007 by Akcros Holdings Limited, the company was a member of the group wide Akzo Noble (UK) Pension Scheme (the "Scheme") providing benefits to members based on final pensionable salary.

At the point of sale, a Deed of Withdrawal was signed between the company, Akzo Noble NV [the Guarantor] and Akzo Noble (UK) Pension Trustee Limited, the Trustee of the Scheme, to deal with the liabilities which would arise under section 75 of the Pensions Act 1995 in connection with the cessation of the company's participation in the Scheme. Employers pension benefits built up within the Scheme stayed in deferment.

After 4 April 2007, the company has established a Group Stakeholder Pension Plan provided by Halifax Life Limited. In 2011, the company moved the pension provider to Scottish Widows, although a small minority have remained with Halifax. The company's contributions into the scheme are based upon employee contributions as follows:

Employee %	Employer %
2	7.1
3	8.1
4	9.1

At the same time as making the change to Scottish Widows, the company introduced a "opt in" Salary Exchange system for employees to make contributions into the pension scheme.

The company have also established insurance policies to replace other benefits enjoyed by the employees as members of the Akzo Nobel (UK) Pension Trustee Limited, which were benefits self funded through the scheme. These policies are:

Group Income Protection Plan with Unum Limited, to provide a replacement income for employees unable to work through illness or injury.

Group Life Insurance with Norwich Union, providing a salary-based lump sum to an employee's dependent's for death in service.

Death in Service Pension with Norwich Union, providing a salary based pension to an individual's surviving partner for death in service.

VALTRIS SPECIALTY CHEMICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

26. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	819,871	811,615
Later than 1 year and not later than 5 years	2,986,171	3,122,541
Later than 5 years	4,271,875	4,955,375
	<u>8,077,917</u>	<u>8,889,531</u>

27. Related party transactions

FRS 102, Section 33, requires disclosures necessary to draw attention to the possibility that its financial position and profit or loss have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

FRS102 does not require disclosure of transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

28. Controlling party

The Company is a wholly owned subsidiary undertaking of Akcros Holdings Limited, registered in England and Wales.

The Company is included in the consolidated financial statements of Akcros Acquisition Limited, registered in England and Wales. The financial statements of Akcros Acquisition Limited are available from Companies House, Crown Way, Cardiff CF14 3UZ.

The results are consolidated into the financial statements of Polymer Additives Holdings Inc and the ultimate controlling party is HIG Capital LLC, both registered in USA.

Exemption from preparing consolidated group accounts

Valtris Specialty Chemicals Limited Limited is a parent Company and is also a subsidiary included in the consolidated financial statements of its parent, Akcros Acquisition Limited. It is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.