

Company registration number 01216200 (England and Wales)

CLARIANT OIL SERVICES UK LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

CLARIANT OIL SERVICES UK LTD

COMPANY INFORMATION

Directors	N Scothern
	B Christie
	C Ericsson
	A Horn (Appointed 4 July 2023)
Secretary	Oakwood Corporate Secretary Limited
Company number	01216200
Registered office	Airedale House
	423 Kirkstall Road
	Leeds
	LS4 2EW
Auditor	BHP LLP
	Mayesbrook House
	Lawnswood Business Park
	Redvers Close
	Leeds
Bankers	LS16 6QY
	Skandinaviska Enskilda Banken AB
	1 Carter Lane
	London
	EC4V 5AN

CLARIANT OIL SERVICES UK LTD

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CLARIANT OIL SERVICES UK LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Clariant Oil Services UK Ltd ('the Company') is a subsidiary of the global speciality chemicals business, Clariant AG ('the Group'). In June 2022 the Group was reorganised into three global business units: Catalysts, Adsorbents & Additives and Care Chemicals.

Business review and future outlook

In June 2022 Clariant set a new strategic course, through a purpose led strategy – 'Greater Chemistry between People and Planet'. The purpose led strategy underpins Clariant's purpose with clear priorities and targets. Clariant has transformed its portfolio into a high value speciality chemical Company. Clariant's new strategic pillars are; Customer focus, Innovative Chemistry, Leading in sustainability and People engagement.

A new organisational model was implemented in 2022, to support the new strategy, with a flatter reporting structure to create greater accountability, speed up decision making and bring Clariant closer to customers.

Clariant is committed to creating shareholder value and aims to develop towards the top quartile performance versus speciality chemical peers. Focus is on outgrowing our markets and further improving profitability.

Turnover of the Company increased by 15% in 2022 to £39,669,000 (2021 - £34,491,000). The increase is mainly attributable to increased sales in both domestic and overseas markets.

The results for the Company show a profit before taxation of £314,000 (2021 - loss of £180,000). An interim dividend of £5,000,000 (2021 - £NIL) was paid on 20 December 2022. No final dividend was paid or proposed in the year (2021 - £NIL). The provision relating to a VAT risk in Angola increased to £1,828,000 (2021 - £1,128,000).

The Company's assets exceeded its liabilities at the end of the year by £7,352,000 (2021 - £12,072,000).

The market place within which the Company operates remains highly competitive and challenging. The Company will therefore continue to focus attention on remaining competitive by seeking new business, improving the efficiency of systems and processes and controlling costs where applicable. It is envisaged that the Company will continue to trade profitably in 2023.

In 2022 the Company increased sales compared to 2021. Profitability and cashflow will move in line with sales and purchases, and the Directors are satisfied that the Company will have sufficient liquidity to continue its business for the foreseeable future.

CLARIANT OIL SERVICES UK LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

As a supplier of chemicals and services to the oil industry, the Company is exposed to various general and sector-specific risks. These include, but are not limited to, environmental, product and country risks. These are reviewed and managed with the assistance of specialists within the Group and external advisers. Specific risk evaluations may be carried out by functions such as Internal Audit, Environmental, Health and Safety and Legal. The Company maintains appropriate levels of insurance cover.

Environmental risks

Environmental and safety issues are addressed as part of the focus on sustainable development in all aspects of production, transport, distribution and use of products and services. The risks identified are routinely reviewed and regular audits monitor compliance with legislative requirements and Group guidelines.

Mandatory principles on Environment, Safety and Health ("ESH") are laid down in the Group's ESH regulations which form an integral part of business processes and strategic planning.

Corporate Sustainability & Regulatory Affairs have built on the Group's principles by drawing up an ESH strategy, a set of guidelines and targets that are mandatory worldwide and by assigning responsibilities. As well as complying with national laws and regulations, the ESH policy commits Clariant to ethical and sustainable operations in all business activities by participation in the Global Responsible Care initiative of the chemical industry.

Product risks

The Group's integrated product policy ensures the inclusion of environmental and safety issues in all processes along the entire value chain. From supplier selection to providing customers with comprehensive information and services, the Company ensures that its products are used in ways that are safe, which minimise environmental impact and that they can be properly disposed of. The Company is continuing to monitor any developments with regards to Brexit and has implemented appropriate measures to ensure that its products will remain compliant with all applicable regulations.

Country risks

The Company is trading with partners in some countries which have higher than average socio-political risks. These risks are regularly reviewed, and appropriate measures are taken to mitigate where considered necessary.

Key performance indicators

The management team uses a series of KPIs to monitor and manage performance against strategic objectives. The principal KPIs include:

Growth of sales(%)

Control of selling, general and administrative overheads ("SG&A" costs) as a percentage of turnover
Improvement in net working capital (debtor and stock days)

Turnover for the financial year was £39,669,000 which was 15% above the previous year due to increased sales in domestic and overseas markets. SG&A costs as a percentage of turnover were 32.7% in 2022 compared to 38.7% in 2021.

Debtor days are the number of days third party sales represented by the third party debtors. Stock days are the number of days cost of goods sold represented by the value of stock. Net working capital is monitored continuously to maximise cash flow. Debtor days increased from 64 in 2021 to 88 days in 2022, due to increased sales to Africa with longer payment terms. Stock days increased from 30 days in 2021 to 35 days in 2022. The increase in stock days is due to the increased sales to the Africa region at the end of the year.

Other performance indicators

As part of its commitment to its environmental health and safety obligations the Company monitors the lost time accident rate, which for 2022 was 2.99 (2021 - NIL). An LTA is recorded where an employee is off work the day after an accident, and the rate is calculated per 200,000 hours worked. There were no prosecutions, major accidents, or environmental incidents in the current or prior year.

CLARIANT OIL SERVICES UK LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Promoting the success of the company

In addition to Company law, Clariant provides a clear framework within which the directors must operate, and these are set out within the Clariant Bylaws of the Executive Steering Committee and the associated Terms of Reference. The directors ensure that they act in good faith, using their own skill and judgement to assess the long-term consequences of their decisions, in order to promote the overall success of the Company. The directors recognise the need to fully engage with a diverse range of stakeholders and consider the interests of these groups when making decisions to ensure that they act fairly between members. The directors promote the Company's values and reinforce the Clariant Code of Ethics throughout the organisation to support employees and the wider workforce to act in line with these values and safeguard compliance with local regulations.

On behalf of the board

N Scothern

Director

22 September 2023

CLARIANT OIL SERVICES UK LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activities

The principal activity of the Company during the year was the manufacture and supply of chemicals and services to the oil industry. The Company operates from its single base in Aberdeen.

Results and dividends

The results for the year are set out on page 9.

Details of dividends are given in the Strategic Report.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

N Scothern

T Otteslev

B Christie

C Ericsson

A Horn

(Resigned 22 March 2023)

(Appointed 4 July 2023)

Qualifying third party indemnity provisions

A qualifying third party indemnity provision as defined in section 234 of the 2006 Companies Act, applicable to all of the Company's directors was in place during the financial year and continues to be in force as at the date these financial statements were approved.

Principal risks and uncertainties

The principal risks and uncertainties are discussed in the Strategic Report.

Engagement with employees

Engagement with employees is vital for Clariant's journey to a high performing organisation. Employee engagement starts with providing a shared understanding on Corporate, Business and Service Unit's initiatives to all its employees. Therefore, Clariant is continuously communicating all corporate initiatives throughout the organisation. Communication is cascaded through to the local Company whereby information is then shared through local email correspondence, town hall meetings and team meetings.

In order to secure our long-term success, every employee must commit to a shared goal, shaping who we are and what we stand for: our Vision, Mission and Values. They describe what is important to us, where we want to go, and how we aim to get there. They give us direction and send a clear signal to all stakeholders supporting our business. The Corporate values also form an integral part of the annual performance management cycle, which all UK employees participate in. Performance Management at Clariant is a key driver for employee's day-to-day actions, supporting continuous development and growth. The process enables regular feedback on performance, based on constructive dialogue, respect and trust.

All permanent employees in the UK also participate in the group bonus plans, which reward employees with an annual cash bonus based on the group company achievements. The key principle of the plans is to ensure a unified "One Clariant" culture whereby employees have a common understanding of the Company performance, and the financial factors affecting this.

Since 2014, Clariant has committed to regular employee engagement surveys to assess levels of engagement and to continuously seek a better understanding of how employees experience their working environment. Clariant uses these assessments as a basis for appropriate and necessary activities and initiatives to enhance and drive future engagement.

CLARIANT OIL SERVICES UK LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Future developments

The directors' view on the future outlook for the Company is outlined in the Strategic Report.

Auditor

In accordance with the company's articles, a resolution proposing that BHP LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the board

A Horn

Director

22 September 2023

CLARIANT OIL SERVICES UK LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CLARIANT OIL SERVICES UK LTD

Opinion

We have audited the financial statements of Clariant Oil Services UK Ltd (the 'Company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including 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 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the 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 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.

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

CLARIANT OIL SERVICES UK LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CLARIANT OIL SERVICES UK LTD

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 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, 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.

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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that 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.

We focused on laws and regulations, relevant to the Company, which could give rise to a material misstatement in the financial statements. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management, review of company minutes and legal expenses. There are inherent limitations in the audit procedures described and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

As part of our audit procedures, we addressed the risk of management override of internal controls, including testing of journals and review of nominal ledger. We evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities is available 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.

CLARIANT OIL SERVICES UK LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF CLARIANT OIL SERVICES UK LTD

Chris Neale (Senior Statutory Auditor)
For and on behalf of BHP LLP

25 September 2023

Chartered Accountants
Statutory Auditor

Mayesbrook House
Lawnswood Business Park
Redvers Close
Leeds
LS16 6QY

CLARIANT OIL SERVICES UK LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Turnover	3	39,669	34,491
Change in stocks of finished goods and work in progress		69	(82)
Other operating income		526	1,093
Raw materials and consumables		(26,541)	(22,903)
Other external charges		(119)	(91)
Gross profit		13,604	12,508
Staff costs	6	(3,031)	(2,937)
Depreciation and amortisation		(400)	(399)
Other operating expenses		(9,915)	(9,342)
Operating profit/(loss)	4	258	(170)
Interest receivable and similar income	8	62	1
Interest payable and similar expenses	9	(6)	(11)
Profit/(loss) before taxation		314	(180)
Tax on profit/(loss)	10	(34)	(163)
Profit/(loss) and total comprehensive income for the financial year		280	(343)

CLARIANT OIL SERVICES UK LTD

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £'000	£'000	2021 £'000	£'000
Fixed assets					
Tangible fixed assets	12		953		1,063
Current assets					
Stocks	13	2,653		1,880	
Debtors	14	13,377		18,724	
Cash at bank and in hand		2,379		838	
		<u>18,409</u>		<u>21,442</u>	
Creditors: amounts falling due within one year	15	<u>(8,928)</u>		<u>(8,047)</u>	
Net current assets			9,481		13,395
Total assets less current liabilities			<u>10,434</u>		<u>14,458</u>
Creditors: amounts falling due after more than one year	15		(114)		(163)
Provisions for liabilities					
Other provisions	20		<u>(2,968)</u>		<u>(2,223)</u>
Net assets			<u>7,352</u>		<u>12,072</u>
Capital and reserves					
Called up share capital	22		400		400
Share premium account	23		593		593
Profit and loss reserves			<u>6,359</u>		<u>11,079</u>
Total equity			<u>7,352</u>		<u>12,072</u>

The financial statements were approved by the board of directors and authorised for issue on 22 September 2023 and are signed on its behalf by:

N Scothern
Director

Company registration number 01216200 (England and Wales)

CLARIANT OIL SERVICES UK LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium account	Profit and loss reserves	Total
Notes	£'000	£'000	£'000	£'000
Balance at 1 January 2021	400	593	11,422	12,415
Year ended 31 December 2021:				
Loss and total comprehensive income	-	-	(343)	(343)
Balance at 31 December 2021	400	593	11,079	12,072
Year ended 31 December 2022:				
Profit and total comprehensive income	-	-	280	280
Transactions with owners:				
Dividends paid	11	-	(5,000)	(5,000)
Balance at 31 December 2022	400	593	6,359	7,352

CLARIANT OIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Clariant Oil Services UK Ltd ("the Company") manufactures and supplies chemicals and services to the oil industry, predominantly in the United Kingdom and Africa.

The Company is a private company, incorporated and domiciled in England, United Kingdom. The address of its registered office is Airedale House, 423 Kirkstall Road, Leeds, LS4 2EW.

1.1 Accounting convention

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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The principal accounting policies adopted are set out below.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share Based Payments;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party 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.

Where required, equivalent disclosures are given in the group accounts of Clariant AG. The group accounts of Clariant AG are available to the public and can be obtained from Investor Relations at Hardstrasse 61, CH-4133, Pratteln, Switzerland.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

CLARIANT OIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.3 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 Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered.

1.4 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.

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.

The estimated useful lives range as follows:

Short-term leasehold property	Over the life of the lease
Plant and machinery	3-16 years
Computer equipment	5 years
Motor vehicles	3-5 years

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.

Assets under construction are not depreciated and are transferred to their appropriate category when they are available for use, at which point depreciation starts.

CLARIANT OIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.5 Impairment of tangible and intangible assets

At each reporting end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 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 standard cost 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.

1.7 Cash at bank and in hand

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.

1.8 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.

1.9 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

CLARIANT OIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.10 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

1.11 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

CLARIANT OIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.13 Provisions

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

At inception, the Company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the Company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within tangible fixed assets, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other tangible fixed assets. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the Company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

CLARIANT OIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the Company's estimate of the amount expected to be payable under a residual value guarantee; or the Company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amounts and note 1.4 for the useful economic lives for each class of assets.

(b) Inventory provisioning

The Company manufactures and distributes chemical products which often have a finite shelf life. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 13 for the net carrying amount of the inventory and associated provision.

(c) Impairment of trade receivables

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

(d) Provision for unpaid VAT in Angola

The company calculates a provision for unpaid VAT since the introduction of VAT in Angola in 2019. The impacted sales occurred between October 2019 and September 2022. The value of the provision is based on sales imported by the joint venture on behalf of Clariant Oil Services. The value of the provision is 14% import tax and 14% sales tax. There is also a provision for the amount of possible penalties and interest. The key judgements in making the calculation relate to which sales need to be included in the provision and the percentage of penalties and interest that will be levied. In making this provision the Company has obtained expert tax advice from a professional services firm and applied the relevant country specific requirements. See note 20 for the carrying amount of the provision.

CLARIANT OIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

3 Turnover

	2022	2021
	£'000	£'000
Turnover analysed by class of business		
Sales of goods	37,697	31,892
Provision of services	1,972	2,599
	<u>39,669</u>	<u>34,491</u>

	2022	2021
	£'000	£'000
Turnover analysed by geographical market		
United Kingdom	16,010	15,595
Rest of Europe	10,752	6,093
Rest of the World	12,907	12,803
	<u>39,669</u>	<u>34,491</u>

4 Operating profit/(loss)

	2022	2021
	£'000	£'000
Operating profit/(loss) for the year is stated after charging/(crediting):		
Depreciation of property, plant and equipment	400	399
Cost of inventories recognised as an expense	26,541	22,903
	<u></u>	<u></u>

5 Auditor's remuneration

	2022	2021
	£'000	£'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	32	27
	<u></u>	<u></u>
For other services		
Other services	2	2
	<u></u>	<u></u>

6 Employees

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

	2022	2021
	Number	Number
Production and distribution	27	25
Selling, marketing and research and development	14	14
Administration	4	3
	<u></u>	<u></u>
Total	45	42
	<u></u>	<u></u>

CLARIANT OIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

6 Employees (Continued)

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	2,425	2,327
Social security costs	298	297
Pension costs	308	313
	<u>3,031</u>	<u>2,937</u>

7 Directors' remuneration

	2022 £'000	2021 £'000
Remuneration for qualifying services	<u>113</u>	<u>125</u>

Only one director (B Christie) received remuneration through the Company for services.

N Scothern and T Otteslev were remunerated for their services to the UK Group of Clariant Companies ('UK Group') and their costs were borne by a fellow subsidiary Company, Clariant Services UK Ltd, and consequently no figures are included above.

The directors' emoluments paid by Clariant Services UK Ltd was solely in respect of duties under the directors contract of employment with Clariant Services UK Ltd and no separate directors' fees are payable.

The overseas based director (C Ericsson) received no remuneration for her services to the Company during the year (2021 - £NIL). This is because her costs were borne by a fellow group Company.

8 Interest receivable and similar income

	2022 £'000	2021 £'000
Interest income		
Interest on bank deposits	23	-
Interest receivable from group companies	39	1
	<u>62</u>	<u>1</u>

9 Interest payable and similar expenses

	2022 £'000	2021 £'000
Interest on financial liabilities measured at amortised cost:		
Interest on lease liabilities	<u>6</u>	<u>11</u>

CLARIANT OIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Taxation

	2022 £'000	2021 £'000
Current tax		
UK corporation tax on profits for the current period	59	34
Adjustments in respect of prior periods	(34)	115
Total UK current tax	<u>25</u>	<u>149</u>
Deferred tax		
Origination and reversal of temporary differences	31	22
Changes in tax rates	10	(8)
Adjustment in respect of prior periods	(32)	-
	<u>9</u>	<u>14</u>
Total tax charge	<u>34</u>	<u>163</u>

The charge for the year can be reconciled to the profit/(loss) per the profit and loss account as follows:

	2022 £'000	2021 £'000
Profit/(loss) before taxation	<u>314</u>	<u>(180)</u>
Expected tax charge/(credit) based on a corporation tax rate of 19.00% (2021: 19.00%)	60	(34)
Effect of expenses not deductible in determining taxable profit	33	98
Income not taxable	(3)	(3)
Adjustment in respect of prior years	(66)	115
Effect of change in UK corporation tax rate	10	(8)
Group relief	-	(5)
Taxation charge for the year	<u>34</u>	<u>163</u>

For the financial year starting April 2023, corporation tax will increase to 25% for companies with profits exceeding £250,000.

11 Dividends

	2022 per share £'000	2021 per share £'000	2022 Total £'000	2021 Total £'000
Amounts recognised as distributions:				
Ordinary shares				
Interim dividend paid	<u>0.01</u>	<u>-</u>	<u>5,000</u>	<u>-</u>

CLARIANT OIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Tangible fixed assets

	Plant and machinery £'000	Fixtures and fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2022	3,434	2,301	18	55	5,808
Additions	85	-	-	205	290
Disposals	(21)	-	-	-	(21)
	<u>3,498</u>	<u>2,301</u>	<u>18</u>	<u>260</u>	<u>6,077</u>
Accumulated depreciation and impairment					
At 1 January 2022	2,750	1,928	12	55	4,745
Charge for the year	191	204	2	3	400
Eliminated on disposal	(21)	-	-	-	(21)
	<u>2,920</u>	<u>2,132</u>	<u>14</u>	<u>58</u>	<u>5,124</u>
Carrying amount					
At 31 December 2022	<u>578</u>	<u>169</u>	<u>4</u>	<u>202</u>	<u>953</u>
At 31 December 2021	<u>684</u>	<u>373</u>	<u>6</u>	<u>-</u>	<u>1,063</u>

Tangible fixed assets includes right-of-use assets, as follows:

	2022 £'000	2021 £'000
Right-of-use assets		
Net values at the year end		
Property	169	373
Computer equipment	4	6
Motor vehicles	202	-
	<u>375</u>	<u>379</u>
Total additions in the year	<u>205</u>	<u>304</u>
Depreciation charge for the year		
Property	(204)	(204)
Computer equipment	(2)	(1)
Motor vehicles	(3)	(8)
	<u>(209)</u>	<u>(213)</u>

CLARIANT OIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Stocks

	2022 £'000	2021 £'000
Raw materials and consumables	1,950	1,107
Finished goods and goods for resale	703	773
	<u>2,653</u>	<u>1,880</u>

Stocks are stated after provisions for impairment of £28,000 (2021 - £24,000).

The difference between purchase price or production cost of stocks and their replacement cost is not material.

14 Debtors

	2022 £'000	2021 £'000
Trade debtors	7,342	7,066
Provision for bad and doubtful debts	(75)	(40)
	<u>7,267</u>	<u>7,026</u>
Amounts owed by fellow group undertakings	5,317	10,546
Other debtors	699	1,047
Prepayments and accrued income	69	72
	<u>13,352</u>	<u>18,691</u>
Deferred tax asset	25	33
	<u>13,377</u>	<u>18,724</u>

Trade receivables, which are all due within one year, are stated after provisions for impairment of £75,000 (2021 - £40,000).

Included in amounts owed by group undertakings are loans receivable of £1,181,000 (2021 - £6,236,000) which are unsecured and repayable on demand with no interest charged.

Other amounts owed by group undertakings represents trading balances, which are unsecured, do not bear interest and are payable in accordance with the Group's inter-company payment terms.

CLARIANT OIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 Creditors

	Notes	Due within one year		Due after one year	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Loans and overdrafts	16	178	400	-	-
Creditors	17	8,480	7,344	-	-
Taxation and social security		48	116	-	-
Lease liabilities	18	222	187	114	163
		<u>8,928</u>	<u>8,047</u>	<u>114</u>	<u>163</u>

16 Loans and overdrafts

	2022 £'000	2021 £'000
Borrowings held at amortised cost:		
Bank overdrafts	178	400

17 Creditors

	2022 £'000	2021 £'000
Trade creditors	2,360	2,478
Amounts owed to fellow group undertakings	4,581	3,791
Accruals and deferred income	1,524	1,074
Other creditors	15	1
	<u>8,480</u>	<u>7,344</u>

Amounts owed to group undertakings represent trading balances, which are unsecured, do not bear interest and are payable in accordance with the Group's inter-company payment terms.

Included in amounts owed to group undertakings is a loan payable of £608,000 (2021 - £231,000) denominated in Euros, repayable on demand with no interest charged.

18 Lease liabilities

	2022 £'000	2021 £'000
Maturity analysis		
Within one year	222	187
In two to five years	114	163
	<u>336</u>	<u>350</u>
Total undiscounted liabilities		

CLARIANT OIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

18 Lease liabilities

(Continued)

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022 £'000	2021 £'000
Current liabilities	222	187
Non-current liabilities	114	163
	<u>336</u>	<u>350</u>

	2022 £'000	2021 £'000
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>6</u>	<u>11</u>

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £'000	Temporary trading differences £'000	Total £'000
Asset at 1 January 2021	(33)	(14)	(47)
Deferred tax movements in prior year			
Charge/(credit) to profit or loss	<u>-</u>	<u>14</u>	<u>14</u>
Asset at 1 January 2022	(33)	-	(33)
Deferred tax movements in current year			
Charge/(credit) to profit or loss	<u>8</u>	<u>-</u>	<u>8</u>
Asset at 31 December 2022	<u>(25)</u>	<u>-</u>	<u>(25)</u>

Deferred tax assets are expected to be recovered within one year.

CLARIANT OIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Provisions for liabilities

	2022	2021		
	£'000	£'000		
Dilapidation	1,095	1,095		
Restructuring	45	-		
VAT provision	1,828	1,128		
	<u>2,968</u>	<u>2,223</u>		
	<u><u>2,968</u></u>	<u><u>2,223</u></u>		
Movements on provisions:				
	Dilapidation	Restructuring	VAT provision	Total
	£'000	£'000	£'000	£'000
At 1 January 2022	1,095	-	1,128	2,223
Additional provisions in the year	-	45	700	745
	<u>-</u>	<u>45</u>	<u>700</u>	<u>745</u>
At 31 December 2022	<u>1,095</u>	<u>45</u>	<u>1,828</u>	<u>2,968</u>
	<u><u>1,095</u></u>	<u><u>45</u></u>	<u><u>1,828</u></u>	<u><u>2,968</u></u>

The VAT provision arises from the introduction of VAT in Angola in 2019. A globally recognised specialist firm of international tax experts found that Clariant Oil Services UK Ltd had a VAT registration risk. Once the risk was recognised, sales to Angola were stopped. Sales commenced once customers agreed to import the goods themselves and therefore there is no risk going forward.

The value of the provision was originally based on sales imported by the joint venture on behalf of Clariant Oil Services UK Ltd, between October 2019 and August 2020. During the year it was identified that another customer was impacted by this issue where sales had been made between July 2021 and September 2022. As a result, the provision has been increased during the year to reflect these additional sales identified. The Directors have conducted a review of all customer relationships and have satisfied themselves that all affected transactions have been identified and provided for.

The value of the provision is based on 14% import tax and 14% sales tax. Based on additional information provided by the tax experts during the year, the estimated penalties have increased from 20% to 25%. Within the balance there is also a provision for possible interest charges.

The dilapidation provision arises from the legal obligation to reinstate leasehold properties to their original state at the end of the lease terms. It is envisaged that these amounts will be settled at the end of the leases.

21 Retirement benefit schemes

	2022	2021
	£'000	£'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	308	313
	<u>308</u>	<u>313</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

CLARIANT OIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

21 Retirement benefit schemes

(Continued)

The Company is a participating employer of the Clariant Pension Plan (the "Plan"), a scheme which is managed by an independent Trustee body and comprised both Defined Benefit and Defined Contribution sections. Total contributions in respect of the Defined Benefit Section are based on the advice of a qualified independent actuary. The Plan is funded by contributions from the Company and its employees.

On 31 December 2001 the existing Defined Benefit Section of the Plan was closed to new members and a new Defined Contribution Section of the Plan was established for new employees from 1 January 2002.

The details of the scheme are as follows:

The Clariant Pension Plan - Defined Benefit Section

The most recent actuarial valuation was carried out at 1 April 2022 by an independent actuary using the projected unit method. The review indicated that the value of the assets of the Plan exceeded the benefits earned up to the valuation date by £25,700,000 allowing for a pre-retirement discount rate of Gilt curve plus 1.5% and a post retirement discount rate of Gilt curve plus 0.25%. Future pension increase range between 0% and 5%, dependent on the terms of the pension offered. The market value of the Plan's assets was £400,300,000 as at 1 April 2022.

On 1 April 2016 the Defined Benefit Section of the Plan was closed for future accrual and all employees transferred to the Defined Contribution Section of the Plan.

IAS 19 disclosures

As permitted by IAS 19 'Employee benefits' the contributions paid by the Company to the Plan are accounted for as though to a defined contribution scheme. This arises since the share of assets and liabilities relating to the Company cannot be separately identified.

At 31 December 2022 the surplus of the Plan was £35,719,000 (2021 - £36,334,000). Full details of the Plan are provided in the financial statements of the principal employer, Clariant Production UK Ltd, which are publicly available.

Clariant Retirement Savings Scheme - Defined Contribution Section

The Defined Contribution Section is funded by the payment of contributions into personal accounts held under trust. These personal accounts are independent of the Company and are invested with a professional investment manager appointed by the Trustee. The charge against profit is the amount of employer contributions payable to the pension scheme in respect of the accounting year. On 31 October 2022, the Company closed the Defined Contribution Section of the Clariant Pension Plan and moved on 1 November 2022 into a new 'Master Trust' pension arrangement with Legal & General ("L&G"), named the Clariant Retirement Savings Scheme (the "New Scheme").

22 Share capital

	2022 Number	2021 Number	2022 £'000	2021 £'000
Ordinary share capital				
Authorised				
Ordinary shares of £'0001 each	400,000	400,000	400	400
	=====	=====	=====	=====
Issued and fully paid				
Ordinary shares of £'0001 each	400,000	400,000	400	400
	=====	=====	=====	=====

CLARIANT OIL SERVICES UK LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

23 Share premium account

	2022	2021
	£'000	£'000
At the beginning and end of the year	593	593
	<u>593</u>	<u>593</u>

24 Contingent liabilities

The Company has two bank guarantees and these are treated as contingent liabilities until they are called upon. These are valued at £11,005 and £216,165 respectively.

25 Controlling party

The immediate parent undertaking is Clariant Production UK Ltd.

The ultimate parent undertaking and controlling party is Clariant AG, a Company incorporated in Switzerland.

Clariant AG is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2022. The consolidated financial statements of Clariant AG can be obtained from Investor Relations at Hardstrasse 61, CH-4133, Pratteln, Switzerland.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.