

EVONIK SPECIALITY ORGANICS LIMITED

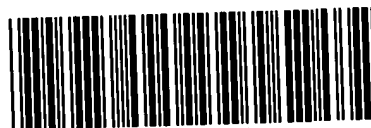
Annual Report and Financial Statements

for the year ended

31 December 2022

Registered number: 02709572

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Evonik Speciality Organics Limited
Annual Report and Financial Statements for the year ended 31 December 2022

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Evonik Speciality Organics Limited
Strategic Report for the year ended 31 December 2022

Business review and principal activities

The principal activities of the Company are concerned with the provision of cash management services.

The results for the Company in the year show a profit before taxation of €1,986,560 (2021: €8,732). Net assets at the end of the year were €223,125,162 (2021: €221,516,048).

Key performance indicators (KPIs)

Due to the straightforward nature of the Company, the Directors do not use KPIs to manage the business and do not consider them necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The principal risks and uncertainties of the Company relate to credit risk in relation to debtor balances as described in the financial risk management note in the Directors' report.

Approved by the Board on 27 September 2023 and signed on its behalf by:



Anh Luu
Director
27/09/2023

Evonik Speciality Organics Limited

Directors' Report for the year ended 31 December 2022

The Directors present their annual report and the audited financial statements of Evonik Speciality Organics Limited (Company number: 02709572) for the year ended 31 December 2022.

Future outlook

Since 1st January 2021 the company ceased to provide legal services to the Evonik group. The company will continue to provide cash management services.

Dividends

No dividend was paid to Shareholders in the year (2021: €nil).

Directors

The directors who served during the year and after the balance sheet date up to the date of signing the financial statements are as follows:

A Luu
L Deusser
A T Boam

Research and development

There were no research and development costs during the year (2021: €Nil).

Financial risk management

The Company's financial risk management policies are discussed in note 10.

Cash management

As a member of the Evonik Industries AG cash pool arrangement, the Company's cash management is effectively controlled by its German parent organisation. The Evonik Industries AG Treasury function conducts an annual global risk assessment exercise. This information is used to provide a risk adjusted interest rate which is applied between the Company and its German parent in respect of any loans receivable or payable, on an arm's length basis.

Post-balance sheet events

There were no post-balance sheet events (2021: None).

Directors' indemnity provisions

There were no qualifying third-party indemnity provisions in force for the benefit of one or more of the Directors at any time during the financial year (2021: None) and at the date of approval of the financial statements.

Evonik Speciality Organics Limited

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

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

Approved by the Board on 27 September 2023 and signed on its behalf by:



Anh Luu
Director
27/09/2023

Evonik Speciality Organics Limited

Statement of Comprehensive Income for the year ended 31 December 2022

		2022	2021
	Note	€	€
Turnover	2	-	-
Cost of Sales		-	14,604
Gross Profit		-	14,604
Administrative expenses		(495)	(7,887)
Other operating income		1,987,055	2,016
Operating profit	3	1,986,560	8,733
Interest payable and similar expenses	6	-	(1)
Profit before taxation		1,986,560	8,732
Tax on profit	7	(377,446)	-
Profit and total comprehensive income for the year		1,609,114	8,732

Evonik Speciality Organics Limited

Balance Sheet as at 31 December 2022

	Note	2022 €	2021 €
Current assets			
Debtors: amounts falling due within one year	8	223,503,006	221,516,777
Cash at bank and in hand		-	-
		<u>223,503,006</u>	<u>221,516,777</u>
Creditors:			
amounts falling due within one year	9	<u>(377,844)</u>	<u>(729)</u>
Net current assets		<u>223,125,162</u>	<u>221,516,048</u>
Total assets less current liabilities		<u>223,125,162</u>	<u>221,516,048</u>
Net assets		<u>223,125,162</u>	<u>221,516,048</u>
Capital and reserves			
Called up share capital	11	1,000	1,000
Capital reserves		221,424,730	221,424,730
Profit and loss account		<u>1,699,432</u>	<u>90,318</u>
Total equity		<u>223,125,162</u>	<u>221,516,048</u>

- For the year ended 31 December 2022, the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.
- The members have not required the company to obtain an audit for the year ended 31 December 2022 in accordance with Section 476 of the Companies Act 2006.
- The directors acknowledge their responsibilities for:
 - Ensuring that the company keeps accounting records which comply with Section 386 of the Companies Act 2006 and
 - Preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 393 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.
- These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

The financial statements on pages 5 to 14 were approved by the Board of Directors on 27 September 2023 and were signed on its behalf by:



Anh Luu
Director

27/09/2023

Evonik Speciality Organics Limited

Statement of Changes in Equity for the year ended 31 December 2022

	Called up share capital €	Capital reserves €	Profit and loss account €	Total equity €
Balance at 1 January 2021	1,000	221,424,730	81,586	221,507,316
Profit for the financial year	-	-	8,732	8,732
Return on capital contributions	-	-	-	-
Transfer in reserves	-	-	-	-
Balance at 31 December 2021	<u>1,000</u>	<u>221,424,730</u>	<u>90,318</u>	<u>221,516,048</u>
Profit for the financial year	-	-	1,609,114	1,609,114
Balance at 31 December 2022	<u>1,000</u>	<u>221,424,730</u>	<u>1,699,432</u>	<u>223,125,162</u>

Evonik Speciality Organics Limited

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

1. Basis of accounting and principal accounting policies

Evonik Speciality Organics Limited is a private limited company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is Clayton Lane, Clayton, Manchester, England, M11 4SR

The financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006. They were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Evonik Industries AG, includes the Company in its consolidated financial statements. The consolidated financial statements of Evonik Industries AG are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Rellinghauser Strasse 1-11, 45128 Essen, Germany.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- IAS 7 - A Cash Flow Statement and related notes;
- IAS 1 - Comparative period reconciliations for share capital, tangible fixed assets, intangible assets;
- IAS 24 - Disclosures in respect of transactions with wholly-owned subsidiaries of Evonik Industries AG;
- IAS 8 - The effects of new but not yet effective IFRS's;
- IFRS 7 - Disclosures in respect of financial instruments.
- IFRS 13 - Disclosures in respect of Fair Value Measurement

A summary of the significant accounting policies is set out below. The accounting policies have been applied consistently throughout the year.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Turnover which is derived entirely from continuing operations, represents the amounts (excluding Value Added Tax) derived from the provision of services to customers during the year. Turnover is recognised when the services have been provided.

Functional currency

Items included in the financial statements of the company are measured in Euros as this is the primary currency of the company's operating and financing activities. The financial statements are presented in 'Euros' (€), which is also the company's presentation currency.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Evonik Speciality Organics Limited

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

1. Basis of accounting and principal accounting policies (continued)

Financial instruments

Financial instruments comprise cash and cash equivalents, inter-company and other debtors and creditors.

Amounts owed by group undertakings

Amounts owed by group undertakings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost using the effective interest method, less any impairment losses.

Other debtors

Other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Other creditors

Other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Management consider that the fair value of all debtors and creditors that are repayable on demand is equal to their book value, therefore no asset impairments have been carried out.

Impairment

Financial assets (including intercompany and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Evonik Speciality Organics Limited

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

2. Turnover

Since 31st December 2020 the company has not received any turnover.

3. Operating profit

Total operating profit is stated after (crediting)/charging:

Total operating profit/ (loss) is stated after (crediting)/charging:

	2022	2021
	€	€
Exchange gains	(1,987,055)	(1,016)
Exchange losses	495	862

4. Staff numbers and cost

	2022	2021
	Number	Number
Average monthly number of employees (including directors)		
Sales and administration	0	0

The aggregate payroll costs of these persons was as follows:

	2022	2021
	€	€
Wages and salaries	-	-
Social security costs	-	-
Other pension costs	-	-
	-	-
	-	-

Evonik Speciality Organics Limited

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

5. Stakeholder Pension Plan

The Company previously operated a defined contribution stakeholder pension plan. The cost recognised in the year for the Company's contributions amounted to €Nil (2021: €Nil). Outstanding contributions at the balance sheet date amounted to €Nil (2021: €Nil).

6. Interest payable and similar expenses

	2022 €	2021 €
Interest to group undertakings	—	1

7. Tax on profit

	2022 €	2021 €
UK corporation tax on profit for the year	377,446	-
Adjustments in respect of prior periods	—	-
Total current tax	377,446	-
Deferred tax		
Effects of change in rate	-	-
Adjustments in respect of prior periods	—	-
Total Deferred tax	-	-
Tax on profit	377,446	-

Evonik Speciality Organics Limited

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

7. Tax on profit (continued)

	2022 €	2021 €
Profit before taxation	1,986,560	8,732
Profit before taxation multiplied by standard rate in the UK 19% (2020: 19%)	377,446	1,659
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	-
Excess not paid for group relief	-	(1,659)
Adjustments in respect of prior periods	-	-
Other tax effects	-	-
Total tax (credit)/charge for the year	377,446	0

Factors affecting current and future tax charges:

In the Spring Budget 2020, the Government announced that from 1 April 2021 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2021. The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2024. This change was substantively enacted on 24 May 2021.

8. Debtors

	2022 €	2021 €
Debtors: amounts falling due within one year		
Amounts owed by group undertakings	223,503,006	221,516,777
Other debtors	-	-
	223,503,006	221,516,777

Amounts owed by group undertakings includes an interest bearing asset consisting of a loan to its German parent Evonik Industries AG of €223,498,779 (2021: €221,512,103). The loans are unsecured and the interest rate is calculated on an arm's length basis and is variable in nature based on one month Euribor. There are no fixed repayment terms, but the loans could be recalled at any time. Other amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Evonik Speciality Organics Limited

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

9. Creditors: amounts falling due within one year

	2022	2021
	€	€
Creditors: amounts falling due within one year		
Other creditors	377,844	729

10. Financial risk management objectives and policies

Financial risk management framework

The Company is exposed to interest rate cash flow risk, credit risk and liquidity risk through its inter-company financing.

Interest rate cash flow risk

The Company has an interest bearing asset consisting of a loan to its German parent, Evonik Industries AG. The interest rate is calculated on an arm's length basis and is variable in nature based on one month Euribor.

As a member of the Evonik Industries AG cash pool arrangement, the Company's cash management is effectively controlled by its German parent organisation. The Evonik Industries AG Treasury function conducts an annual global risk assessment exercise. This information is used to provide a risk adjusted interest rate which is applied between the Company and its German parent in respect of any loans receivable or payable, on an arm's length basis.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its inter-company loan balances. These are all due from its German parent company. As at 31 December 2022, there are no provisions recognised as management assess that the loans are recoverable (2021: €Nil).

Liquidity risk

Liquidity risk is the risk that the Company either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost. The Group's approach to managing liquidity risk is to evaluate current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and headroom on its working capital facilities.

Capital management

The capital structure of the company consists of shareholders' equity. The Company manages its capital by determining the amount of dividends payable based on the availability of capital and liquidity demands. There are no restrictions on capital.

Evonik Speciality Organics Limited

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

11. Called up share capital

	2022 €	2021 €
Allotted and fully paid		
44,500 ordinary shares of €0.0225 each (2021: 44,500 ordinary shares of €0.0225 each)	<u>1,000</u>	<u>1,000</u>

12. Related party relationships and transactions

The company has taken advantage of the exemption from disclosing related party transactions with fellow group members under IAS 24 on the grounds that the group is wholly owned by Evonik Industries AG whose consolidated financial statements are publicly available.

13. Ultimate holding company and controlling party

The Company's immediate holding company is Evonik UK Holdings Limited, a company registered and incorporated in England and Wales.

The ultimate parent company and controlling party of Evonik Speciality Organics Limited is Evonik Industries AG, a company registered and incorporated in Germany. The consolidated financial statements of Evonik Industries AG, being the smallest and largest group to consolidate these financial statements, can be obtained from Rellinghauser Strasse 1-11, 45128 Essen, Germany.