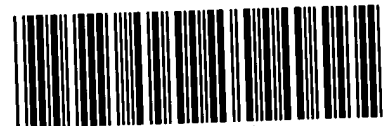


REGISTERED NUMBER: 03185100 (England and Wales)

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022
FOR
JACOBI CARBONS LIMITED**

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JACOBI CARBONS LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTOR: R Goudappel

SECRETARY: A B Royston

REGISTERED OFFICE: Croft Court
Moss Estate
Leigh
Lancashire
WN7 3PT

REGISTERED NUMBER: 03185100 (England and Wales)

AUDITOR: KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The director presents his strategic report for the year ended 31 December 2022.

Principal activity

The principal activity of the company in the year under review was that of the sale of activated carbon.

Business Review

Turnover was £14.41m for the year ended 31 December 2022 (2021: £11.66m), an increase of 23.6%. The increase is driven by growth in resin sales of £2.08m, primarily from the development of sales opportunities to the UK operations of existing Jacobi Group customers.

Activated carbon sales volume also grew in 2022, largely through increased sales to existing customers, despite the challenging global logistics situation which remained in place through to the second half of the year. Thankfully there was significant improvement in that situation during the fourth quarter of 2022 with ocean freight transit times and costs moving back to pre-pandemic levels. As such the company aims to continue its sales growth trajectory in 2023 to existing and new customers in line with its strategic objectives.

A combination of generally higher material costs in 2022 compared to 2021 and competitive pressures led to a decrease in gross margin % from 19.4% in 2021 (restated) to 16.5% in 2022.

Operating profit of £0.54m (2021 restated: £0.76m), and operating margin decreased from 6.5% (2021 restated) to 3.7%, this was primarily as a result of the lower gross margin noted above with adverse year-on-year exchange movements also a factor.

The company's financial position as at 31 December 2022 remained strong, with a cash balance of £2.06m (2021: £1.19m) and net current assets of £4.57m (2021 restated: £4.01m). Both current and quick ratios remain satisfactory. There have been no events since the balance sheet date which would change this assessment.

Key Performance Indicators

The company's key performance indicators are set out below:

	2022	2021 (Restated)
Turnover - £	14,412,376	11,662,042
Gross Margin % (1)	16.5%	19.4%
Operating Margin % (2)	3.7%	6.5%
Net current assets - £	4,573,525	4,007,893
Total assets - £	8,194,303	8,167,593
Return on total assets % (3)	5.7%	9.7%
Current ratio (4)	2.4	2.1
Quick ratio (5)	1.4	1.1

- (1) Gross Margin = Gross Profit / Turnover
- (2) Operating Margin = Operating Profit / Turnover
- (3) Return on Total Assets = Net Profit Before Tax / Average Total Assets
- (4) Current Ratio = Current Assets / Current Liabilities
- (5) Quick Ratio = (Current Assets – Inventory) / Current Liabilities

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Principal risks and uncertainties

Cost of Materials

The company predominantly sources its activated carbon direct from manufacturers based in Asia. The company is exposed to the risk of change in material prices, in particular the price of coconut-shell based activated carbon, as material prices can fluctuate throughout the year depending on the availability of coconut shells in the manufacturing locations.

The Jacobi Group continually looks to widen its global sourcing and supply chain capabilities and to invest in its production facilities to improve production cost and mitigate cost increases as far as possible. In periods where material cost increases are significant and sustained, the company works closely with its customers to ensure that a reasonable proportion of such cost increases can be passed on through sales price increases.

Exchange Risk

The company is exposed to exchange rate risk through sales and purchases with overseas entities denominated in US Dollars and Euro. This risk is managed through a combination of utilisation of multi-currency bank accounts, use of currency clauses in customer contracts and increasing the number of sales denominated in foreign currencies to match foreign currency purchases as far as possible.

Credit Risk

All customers trading on credit terms are subject to credit check procedures. Receivable balances for all customers are monitored on an ongoing basis with weekly credit control procedures in place.

Liquidity Risk

The company currently retains a high cash balance to ensure that it has sufficient liquidity available to meet all foreseeable cash flow needs.

Climate Risk

The World Economic Forum Global Risk Report for 2023 identified extreme weather and climate action failure as two of the most severe risks facing the world in the short and long term. Climate change has the potential to impact the availability and price of raw materials used in manufacturing activated carbon. The Jacobi Group continually looks to widen its global sourcing and supply chain capabilities and to invest in its production facilities to help protect security of supply. Furthermore the Group is focused on minimising its impact on the environment through development of more efficient, environmentally-friendly manufacturing methods.

In general, climate change concerns have stimulated governments worldwide to introduce legislation which, amongst other things, seek to limit industrial and vehicular emissions, and push forward transition to use of cleaner energy sources. This provides opportunities for growth in the use of activated carbon.

Post Balance Sheet Events

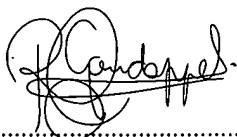
There have been no material non-adjusting post balance sheet events.

Research and Development Activities

The company's research and development activities relate to the development and testing of products for use in new applications, or to enhance the performance of products in existing applications. Costs are expensed as incurred.

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022**

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'R Goudappel', written over a dotted line.

R Goudappel - Director

Date: 28 September 2023

REGISTERED ADDRESS:

Croft Court
Moss Industrial Estate
Leigh
Lancashire
WN7 3PT

**REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2022**

The director presents his report with the accounts of the company for the year ended 31 December 2022.

RESULTS AND DIVIDENDS

The results of the company are set out in the Profit and Loss Account on page 11.

The Director does not propose the payment of a dividend for the year ended 31 December 2022 (2021: £nil).

DIRECTOR

R Goudappel served as Director for the whole of the period.

POLITICAL CONTRIBUTIONS

The Company made no political donations or incurred any political expenditure during the year.

GOING CONCERN

The financial statements have been prepared on a going concern basis, more details of which can be seen in the basis of preparation on page 15.

DISCLOSURE OF INFORMATION TO AUDITOR

The director who held office at the date of approval of this director's report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

ON BEHALF OF THE BOARD:



.....
R Goudappel - Director

Date: 28 September 2023

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTOR'S REPORT AND THE FINANCIAL STATEMENTS

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless he either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The director is 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JACOBI CARBONS LIMITED

Opinion

We have audited the financial statements of Jacobi Carbons Limited ("the company") for the year ended 31 December 2022 which comprise the Profit and Loss Account, the Statement of other comprehensive income, the Balance sheet, the Statement of changes in equity and related notes, including the accounting policies in the notes.

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 UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The director have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the director's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JACOBI CARBONS LIMITED (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of director, local management as to the Company's high-level policies and procedures to prevent and detect fraud, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for management, the director, and sales staff.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because no individual is remunerated based on the performance of this entity and therefore there is limited incentive.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and cash journals paired with unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the director and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the director and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JACOBI CARBONS LIMITED (continued)

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the director and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and director's report

The director is responsible for the strategic report and the director's report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the director's report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the director's report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JACOBI CARBONS LIMITED (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

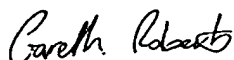
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Gareth Roberts (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One St Peter's Square
Manchester
M2 3AE

Date: 29/09/2023

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	2021 (Restated*) £
TURNOVER	1	14,412,376	11,662,042
Cost of sales		(12,039,083)	(9,404,909)
GROSS PROFIT		2,373,293	2,257,133
Administrative expenses		(1,834,349)	(1,497,918)
OPERATING PROFIT	2-5	538,944	759,215
Interest receivable and similar income	6	86	6,386
Interest payable and similar expenses	7	(74,521)	(27,434)
PROFIT BEFORE TAXATION		464,509	738,167
Tax on profit	8	72,107	89,088
PROFIT FOR THE FINANCIAL YEAR		<u>536,616</u>	<u>827,255</u>

*Refer to note 16

The notes on pages 15 to 29 form part of these financial statements

JACOBI CARBONS LIMITED (REGISTERED NUMBER: 03185100)

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

		2022	2021
	Notes	£	(Restated*) £
PROFIT FOR THE YEAR		536,616	827,255
OTHER COMPREHENSIVE INCOME		—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>536,616</u>	<u>827,255</u>

*Refer to note 16

The notes on pages 15 to 29 form part of these financial statements

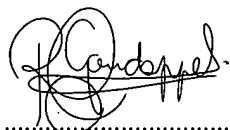
JACOBI CARBONS LIMITED (REGISTERED NUMBER: 03185100)

**BALANCE SHEET
31 DECEMBER 2022**

		2022	2021 (Restated*)
	Notes	£	£
FIXED ASSETS			
Tangible assets	9	392,882	420,527
CURRENT ASSETS			
Stocks	10	3,368,413	3,672,307
Debtors	11	2,372,213	2,888,777
Cash at bank		<u>2,060,795</u>	<u>1,185,982</u>
		7,801,421	7,747,066
CREDITORS			
Amounts falling due within one year	12	<u>(3,227,896)</u>	<u>(3,739,173)</u>
NET CURRENT ASSETS		<u>4,573,525</u>	<u>4,007,893</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,966,407	4,428,420
PROVISIONS FOR LIABILITIES	14	<u>(48,965)</u>	<u>(47,594)</u>
NET ASSETS		<u>4,917,442</u>	<u>4,380,826</u>
CAPITAL AND RESERVES			
Called up share capital	17	160,000	160,000
Retained earnings		<u>4,757,442</u>	<u>4,220,826</u>
SHAREHOLDERS' FUNDS		<u>4,917,442</u>	<u>4,380,826</u>

*Refer to note 16

The financial statements were approved by the director on 28 September 2023 and were signed by:



.....
R Goudappel - Director

The notes on pages 15 to 29 form part of these financial statements

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

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021 as previously reported	160,000	3,065,541	3,225,541
Impact of adjustment to opening reserves	<u>-</u>	<u>328,030</u>	<u>328,030</u>
Balance at 1 January 2021 (restated)	160,000	3,393,571	3,553,571
Total comprehensive profit for the year			
Profit for the year as previously reported	-	454,931	454,931
Impact of correction *	<u>-</u>	<u>372,324</u>	<u>372,324</u>
Balance at 31 December 2021 (restated)	<u>160,000</u>	<u>4,220,826</u>	<u>4,380,826</u>
Total comprehensive income for the year			
Profit for the year	<u>-</u>	<u>536,616</u>	<u>536,616</u>
Balance at 31 December 2022	<u>160,000</u>	<u>4,757,442</u>	<u>4,917,442</u>

*Refer to note 16

The notes on pages 15 to 29 form part of these financial statements

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

ACCOUNTING POLICIES

Jacobi Carbons Limited is a private company limited by shares incorporated in England, United Kingdom. The address of the registered office is given in the company information on page 1 of these financial statements. The nature of the company's operations and principal activities are the sale of activated carbon.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1. The financial statements are prepared on the historical cost basis.

Going Concern

The financial statements have been prepared on the going concern basis which the director considers to be appropriate for the following reasons.

The director has prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, the company will have sufficient funds, through funding from its immediate parent company, Jacobi Carbons AB, to meet its liabilities as they fall due for that period.

The scenarios modelled included the potential impact of the wider economic situation on each revenue channel leading to an increase in sales in 2023. The impact of higher inflation has been modelled assuming minimum cost inflation of 6.1% in 2023 and 2.0% in 2024. Furthermore, the potential impact of a deterioration of credit risk was modelled by assuming a significant increase in debtor days in the forecast period. The impact of ongoing supply side risks has also been assessed.

Those forecasts are dependent on Jacobi Carbons AB not seeking repayment of the amounts currently due to the group, which at 31 December 2022 amounted to £2,090,843, and providing additional financial support during that period. Jacobi Carbons AB has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts.

As with any company placing reliance on other group entities for financial support, the director acknowledges that there can be no certainty that this support will continue although, at the date of approval of these financial statements, he has no reason to believe that it will not do so.

Consequently, the director is confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**NOTES TO THE ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

Reduced disclosure exemptions

The company's immediate parent undertaking, Jacobi Carbons AB includes the company in its consolidated financial statements. The consolidated financial statements of Jacobi Carbons AB are prepared in accordance with Swedish Generally Accepted Accounting Principles ("K3"), are available to the public and may be obtained from www.bolagsverket.se. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Jacobi Carbons AB include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Significant judgements and estimates

The preparation of the financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates associated with the assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of revision and future periods if the revision affects both current and future periods.

One of the most significant judgements and estimates is the calculation of any inventory provision required as a result of inventory obsolescence. This provision is established using historical experience and an assessment of the type of inventory held and whether this can be converted for alternative use. Inventory is assessed on an ongoing basis to determine whether circumstances exist that could lead to a change in the provision required.

**NOTES TO THE ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

ACCOUNTING POLICIES *(continued)*

Turnover

Turnover represents amounts receivable for goods, excluding discounts, rebates, value added tax and other sales taxes. Revenue is recognised on either dispatch or delivery of goods according to agreed customer terms.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets are impaired. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- plant and machinery 5 years
- office equipment 5 years
- computer equipment 3 years
- filter vessels 8 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Stocks

Stock is valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis, and includes expenditure incurred in acquiring the stocks, production or conversion cost and other costs in bringing them to their existing location and condition. Net realisable value is based on estimated selling price, less any further costs of realisation.

**NOTES TO THE ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

ACCOUNTING POLICIES *(continued)*

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.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the Profit and Loss Account.

NOTES TO THE ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

ACCOUNTING POLICIES *(continued)*

Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Operating Leases

Payments made under the operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease.

**NOTES TO THE ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. TURNOVER

All the company turnover in both 2022 and 2021 is attributable to the UK. Turnover by product is as follows:

	2022	2021
	£	£
Activated carbon	10,593,036	9,635,270
Ion exchange resin	3,146,571	1,090,551
Other, including service income	<u>672,769</u>	<u>936,221</u>
	<u>14,412,376</u>	<u>11,662,042</u>

2. AUDITORS REMUNERATION

	2022	2021
	£	£
Audit of these financial statements	<u>49,000</u>	<u>42,500</u>

3. STAFF COSTS

The average number of employees during the year was:

	2022	2021
	No.	No.
Sales	3	4
Administration	<u>24</u>	<u>24</u>
Total	<u>27</u>	<u>28</u>

	2022	2021
	£	£
Wages and salaries	1,808,474	1,697,407
Social security costs	200,121	169,361
Other pension costs	<u>108,049</u>	<u>155,439</u>
	<u>2,116,644</u>	<u>2,022,207</u>

4. DIRECTOR'S REMUNERATION

	2022	2021
	£	£
Director's remuneration	<u>20,302</u>	<u>17,041</u>

The director is remunerated by Jacobi Carbons AB, the immediate parent company. Remuneration received by the director for services provided to the Company was £20,302 (2021: £17,041). Pension contributions made by the company to the director's pension scheme of £nil (2021: £nil).

NOTES TO THE ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

5. **OPERATING PROFIT**

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

	2022	2021
	£	£
Depreciation - owned assets	<u>150,614</u>	<u>42,578</u>

6. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	2022	2021
	£	£
Intercompany interest receivable	<u>86</u>	<u>6,386</u>

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2022	2021
	£	£
Intercompany interest payable	<u>74,521</u>	<u>27,434</u>

8. **TAXATION**

The tax charge on the profit for the year was as follows:

	2022	2021 (Restated*)
	£	£
Current tax:		
UK corporation tax	(73,478)	(90,252)
Adjustment in respect of prior periods	<u>-</u>	<u>-</u>
Total current tax	(73,478)	(90,252)
Deferred tax:		
Origination and reversal of timing differences	<u>1,371</u>	<u>1,164</u>
Total deferred tax	<u>1,371</u>	<u>1,164</u>
Total tax	<u>(72,107)</u>	<u>(89,088)</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than (2021: Lower than) the standard rate of corporation tax in the UK. The difference is explained on the following page.

NOTES TO THE ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

8. TAXATION (continued)

	2022	2021 (Restated*)
	£	£
Profit before tax	<u>464,509</u>	<u>738,167</u>
Tax using the standard rate of corporation tax in the UK of 19.0 % (2020 - 19.0 %)	88,257	140,252
Effects of:		
Expenses not deductible for tax purposes	670	575
Capital allowances lower than depreciation	(5,744)	3,533
Other deductions	-	-
Interest on tax refunds	(16)	(140)
Group relief	(83,167)	(70,742)
Group relief in respect of prior years	(78,997)	(163,730)
Deferred tax	1,371	1,164
Total corporation tax charge included in profit and loss account	<u>(72,107)</u>	<u>(89,088)</u>

Factors affecting the future tax charge

The UK Corporation tax rate for the year was 19.0%. In March 2022, increases in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) were substantively enacted. The deferred tax liability at the balance sheet date has been calculated based on a rate of 25%.

*Refer to note 16

NOTES TO THE ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

9. TANGIBLE FIXED ASSETS

	Plant and machinery £	Filter Vessels £	Office Equipment £	Computer Equipment £	Totals £
COST					
At 1 January 2022	564,180	211,392	42,675	64,279	882,526
Additions	78,258	39,376	-	5,335	122,969
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	<u>642,438</u>	<u>250,768</u>	<u>42,675</u>	<u>69,614</u>	<u>1,005,495</u>
 DEPRECIATION					
At 1 January 2022	382,253	-	31,800	47,946	461,999
Charge for year	39,294	100,421	1,037	9,862	150,614
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	<u>421,547</u>	<u>100,421</u>	<u>32,837</u>	<u>57,808</u>	<u>612,613</u>
 NET BOOK VALUE					
At 31 December 2022	<u>220,891</u>	<u>150,347</u>	<u>9,838</u>	<u>11,806</u>	<u>392,882</u>
At 31 December 2021	<u>181,927</u>	<u>211,392</u>	<u>10,875</u>	<u>16,333</u>	<u>420,527</u>

10. STOCKS

	2022	2021
	£	£
Finished goods	<u>3,368,413</u>	<u>3,672,307</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £10,909,699 (2021: £8,721,494). The write-down of stocks to net realisable value amounted to £73,880 (2021 : £101,399).

NOTES TO THE ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

11. DEBTORS

	2022	2021 (Restated*)
	£	£
Trade debtors	1,610,858	1,260,900
Amounts owed by group undertakings	665,684	1,530,382
Corporation Tax	-	1,157
Other debtors	77,534	64,604
Prepayments	<u>18,137</u>	<u>31,734</u>
	<u>2,372,213</u>	<u>2,888,777</u>

The amounts owed by group undertakings represent balances due from Jacobi Carbons AB and its subsidiaries. These balances are all considered to be repayable on demand and are interest free.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021 (Restated*)
	£	£
Trade creditors	502,375	758,081
Amounts owed to group undertakings	2,090,843	2,561,918
Corporation Tax	2,259	-
Social security and other taxes	69,460	30,650
Other creditors	230,408	12,042
Accruals and deferred income	<u>332,551</u>	<u>376,482</u>
	<u>3,227,896</u>	<u>3,739,173</u>

The amounts owed to group undertakings represent balances due to Jacobi Carbons AB and its subsidiaries. These balances are all considered to be repayable on demand and are interest free with the exception of short term loans. Included within the total is £815,936 (2021: £735,641) short term loans payable to group undertakings which have an interest rate of LIBOR + 2.0%.

13. OPERATING LEASES

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	355,451	346,175
Between one and five years	500,676	712,811
In more than five years	<u>-</u>	<u>-</u>
	<u>856,127</u>	<u>1,058,986</u>

The total amount charged to the Profit and Loss Account in the year relating to operating lease rentals was £356,177 (2021: £277,518).

NOTES TO THE ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

14. PROVISIONS FOR LIABILITIES

	2022	2021
	£	£
Deferred tax	<u>48,965</u>	<u>47,594</u>
		Deferred tax
		£
Balance at 1 January 2022		47,594
Charge to the P&L		<u>1,371</u>
Balance at 31 December 2022		<u>48,965</u>

Deferred tax in both current and prior year relates entirely to accelerated capital allowances.

15. EMPLOYEE BENEFITS

The Company operates a defined contribution pension plan.

The total expense relating to this plan in the current year was £108,049 (2021: £155,439).

16. PRIOR YEAR ADJUSTMENT

During the financial accounting periods ended December 2020 and December 2021, the company over accrued costs totaling £700,354 (2021 : £372,324 and 2020 : £328,030). Of this amount, £438,334 (2021 : £273,602 and 2020 : £164,732) is in respect of accruals for inventory landed costs due to incorrect update of standard cost rates applied for ocean freight and customs/import duty charges on imported inventory. The remaining £262,020 (2021 : £98,722 and 2020 : £163,298) is in relation to excess personnel cost which should not have been accrued.

To correct this the company has restated the profit and loss account to remove the effect of the over accruals made in 2021, restated the statement of changes in equity to remove the effect of the over accruals made prior to 2021 and has also restated the balance sheet accordingly.

NOTES TO THE ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

16. PRIOR YEAR ADJUSTMENT (continued)

The following tables summaries the impact on the financial statements.

(i) Extract from the profit and loss account and other comprehensive income

	As reported 2021 £	Adjustments £	As restated 2021 £
Cost of sales	<u>(9,678,511)</u>	<u>273,602</u>	<u>(9,404,909)</u>
Gross profit	1,983,531	273,602	2,257,133
Administrative expenses	<u>(1,596,640)</u>	<u>98,722</u>	<u>(1,497,918)</u>
Operating profit	<u>386,891</u>	<u>372,324</u>	<u>759,215</u>
Profit before tax	<u>365,843</u>	<u>372,324</u>	<u>738,167</u>
Taxation	<u>89,088</u>	<u>-</u>	<u>89,088</u>
Profit for the financial period	<u><u>454,931</u></u>	<u><u>372,324</u></u>	<u><u>827,255</u></u>

(ii) Extract from the balance sheet

	As reported 2021 £	Adjustments £	As restated 2021 £
CREDITORS			
Amounts falling due within one year	<u>(4,439,527)</u>	<u>700,354</u>	<u>(3,739,173)</u>
NET CURRENT ASSETS	<u>3,307,539</u>	<u>700,354</u>	<u>4,007,893</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>3,728,066</u>	<u>700,354</u>	<u>4,428,420</u>
NET ASSETS	<u><u>3,680,472</u></u>	<u><u>700,354</u></u>	<u><u>4,380,826</u></u>
Share capital	160,000	-	160,000
Retained earnings	<u>3,520,472</u>	<u>700,354</u>	<u>4,220,826</u>
SHAREHOLDERS' FUNDS	<u><u>3,680,472</u></u>	<u><u>700,354</u></u>	<u><u>4,380,826</u></u>

JACOBI CARBONS LIMITED (REGISTERED NUMBER: 03185100)

**NOTES TO THE ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. PRIOR YEAR ADJUSTMENT (continued)

(iii) Extract from the statement of changes in equity

	Share capital account £	Retained earnings £	Total equity £
Balance at 31 December 2020 as previously Reported	160,000	3,065,541	3,225,541
Impact of correction	<u>-</u>	<u>328,030</u>	<u>328,030</u>
Balance at 31 December 2020 (restated)	<u>160,000</u>	<u>3,393,571</u>	<u>3,553,571</u>
Profit for the year as previously reported	-	454,931	454,931
Impact of correction	<u>-</u>	<u>372,324</u>	<u>372,324</u>
Restated balance at 31 December 2021	<u>160,000</u>	<u>4,220,826</u>	<u>4,380,826</u>

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 £
160,000	Ordinary	£1	<u>160,000</u>	<u>160,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

NOTES TO THE ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022

18. RELATED PARTY DISCLOSURES

As a wholly owned subsidiary undertaking of Jacobi Carbons AB, the company has taken advantage of the disclosure exemption from the requirements of section 33 Related Party Disclosures paragraph 33.1A, as permitted by FRS102, and therefore has not disclosed details of transactions with other wholly owned subsidiaries that form part of that group.

Balances held with related parties at the balance sheet date were as follows:

	Receivables Outstanding		Payables Outstanding	
	2022	2021	2022	2021
	£	£	£	£
Jacobi Carbons AB	-	521,617	815,936	735,641
Jacobi Carbons Inc	-	-	-	-
Jacobi Carbons Lanka Pvt. Ltd	602,717	967,516	-	294
Jacobi Carbons India Pvt. Ltd	22,245	19,908	-	-
Jacobi Cartons Philippines Inc	8,425	12,579	-	-
Jacobi Carbons Merkezi isvicre istanbul Merkez Subesi	19,723	8,065	-	-
Jacobi Carbons Vietnam	-	697	-	-
Jacobi Carbons Sdn. Bhd.	-	-	375,357	526,300
Jacobi Adsorbent Materials Tianjin Co. Ltd	-	-	875,782	1,254,826
Jacobi Carbons France SASU	-	-	-	-
Addsorb Ltd	-	-	23,760	23,760
Jacobi Carbons Industry (Tianjin) Co. Ltd	-	-	-	4,280
Jacobi Carbons Gmbh	-	-	-	-
Jacobi Carbons Service Europe Gmbh	-	-	-	-
Jacobi Carbons AG	-	-	8	8
Jacobi Carbons Expana S.L.	-	-	-	-
Jacobi Carbons sp.Zoo	-	-	-	-
Nova Carbons Pvt Ltd	-	-	-	-
Osaka Gas Co., Ltd	12,574	-	-	16,809
	<u>665,684</u>	<u>1,530,382</u>	<u>2,090,843</u>	<u>2,561,918</u>

**NOTES TO THE ACCOUNTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2022**

19. ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of its immediate parent undertaking, Jacobi Carbons AB, a company with the registered address of Slöjdaregatan 1, SE-393 53 Kalmar, Sweden. The ultimate controlling party is Osaka Gas Chemicals Co., Ltd, a company with the registered address of Osaka Gas Chemicals., Ltd, Domecity Gas Building, 2-37, Chiyozaki 3-chome-minami, Nishi-ku, Osaka 550-0023, Japan.

The largest group in which the results of the company are consolidated is that headed by Osaka Gas Co., Ltd. The smallest group in which the results of the company are consolidated is that headed by Jacobi Carbons AB.

The financial statements of Jacobi Carbons AB are available to the public and may be obtained from www.bolagsverket.se, or the Company Secretary at Slöjdaregatan 1, SE-393 53 Kalmar, Sweden.

The financial statements of Osaka Gas Co., Ltd are available to the public and may be obtained from the company's website at www.osakagas.co.jp.