A Schulman Gainsborough Limited

Annual report and financial statements for the year ended 31 December 2021

Company registration number: 03261137

A SCHULMAN GAINSBOROUGH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Contents

A SCHULMAN GAINSBOROUGH LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors
B Dickson
H Kalidas

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Citco Management UK Limited

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their Strategic Report on the company for the year ended 31 December 2021.

Review of the business

The company acquired a significant share of the trade and assets of the former A Schulman SAS ("ASIS") Specialty Powders ("SP") business from the Saint-Germain Laval site in France in December 2020. The plant was installed and commissioned during the period. The intangible component of acquisition was expensed during the period and the identifiable fixed assets were initially capitalised as assets under construction. The directors are satisfied with the performance in the year during difficult circumstances of COVID-19 lockdown restrictions. Although, the Company was able to continue production during Covid-19 due to its classification as an essential industry. As a result of these changes the company recorded a loss after tax of £2,205,000 (31 December 2020: loss £1,642,000). Turnover for the year was £31,345,000 (31 December 2020: £23,026,000).

At the balance sheet date, the net assets of the company totalled £2,263,000 (31 December 2020: £4,468,000).The statement of financial position is set out on page 16.

The Gainsborough site is part of the business segment called Advanced Polymer Solutions (APS) within the LyondellBasell Industries N.V. (LyB) business. Competition in the European market remains fierce with both established and new producers aggressively chasing business. Margin and market share will again be a challenge across all product ranges and business units, but the company expects that the synergies relating to LyB's greater buying power will help improve the financial results. The company will continue to work to drive excellence by continuing to focus heavily on Safety and LyB's operational business standards.

Brexit
The company implemented LyB's logistical management systems for BREXIT and there was no significant impact on the company, however the company continues to assess the risks.

COVID-19
The events surrounding the COVID-19 pandemic continue to evolve and impact global markets. The spread of COVID-19 has resulted in authorities implementing numerous measures to try to contain the virus, such as, vaccinations, travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. Consequently, economic conditions, including commodity prices, have been increasingly volatile. Many of our facilities and employees are based in areas impacted by the virus.

In response to the pandemic, the LyB Group continues to work with our stakeholders (Including customers, employees, suppliers, business partners and local communities) to attempt to mitigate the impact of the global pandemic on our business, including implementing policies and procedures to promote the safety of our employees , proactively reducing costs intended to allow us to protect against further risk and investing in initiatives to support our long term growth, while also focusing on maintaining liquidity. However, we cannot assure these mitigation efforts will continue to be effective.

With the continued implementation of vaccines as another tool to mitigate and deal with the pandemic authorities in various parts of the globe have lifted restrictions initially set out to deal with the pandemic.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

Future developments

The directors expect the company to perform satisfactorily during the forthcoming financial year, based upon current year trading as restrictions have been lifted and demand increased. The ultimate impact of Covid-19 will have on our future financial position, operating results and cash flows involves numerous risks and uncertainties, including new information which may emerge concerning the severity and duration of Covid-19 and actions to contain the virus or treat its impact. As a result the directors expect the trading conditions for 2022 and 2023 to be impacted by Covid-19.

Key performance indicators

The directors believe that the key performance indicators ('KPIs') are revenue growth and profitability. The loss for the financial year was £2,205,000 (31 December 2020: loss £1,642,000). The main reason for the increase in loss from the impact of COVID lockdown restrictions. Turnover increased to £31,345,000 (31 December 2020: £23,026,000), however cost of sales increased at a proportionally higher rate than turnover resulting in a decrease in gross profit margins to 2.79% (31 December 2020: 6.34%). This is due to a number of factors, again from COVID restrictions and from other impacts of foreign currency movements on the cost of raw materials purchased, worldwide oil markets plus internal sales where prices are determined by the intercompany transfer pricing policy. Operating margins decreased in relation to sales to (4.51)% (31 December 2020: (3.38)%). The company has continued its efforts to control costs and to work as efficiently as possible to aid the overall European result.

Among the other financial key performance indicators, the directors review the 'cost of quality' in detail, which assesses customer complaints, reasons for credit notes raised and also provides a broad measure of customer satisfaction.

Non-financial key performance indicators

The directors believe that the use of non-financial KPIs is not necessary for an understanding of the results and operations of the business.

Principal risks and uncertainties

The management of the business is subject to a number of risks including commercial risk, credit risk and pricing risk. The mitigation of these risks has been outlined below.

Commercial risk

The company continues to develop its products and services in order to maintain and develop its market share in the various product groups that it operates. This product development work is ongoing and forms an integral part of our long term plans.

Although the company provides service and product solutions for its customers the core business requires maintenance of relatively high levels of inventory at any point in time. This results in a continual ongoing working capital and pricing risk for the business. The level of risk is controlled by ensuring we manage the sourcing of raw materials and review product / service pricing levels on a monthly basis.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is continually reviewed by the senior management team and central credit team.

A SCHULMAN GAINSBOROUGH LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

Principal risks and uncertainties (continued)

Liquidity risk

The company participates in the European cash pooling arrangement, which is used to maintain appropriate liquidity that the Company requires for its day to day operations.

Financial risk management

The company's operations expose it to a variety of financial risks that include pricing risk, credit risk, and currency risk. The company has in place a risk management process that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of foreign currency exposure, accounts receivable credit exposure and the related finance costs.

In order to ensure stability of cash out flows and hence manage interest rate risk, the company is supported by fellow group operations. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

The policies set by the board of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage all aspects of financial risk defined above.

Currency risk

The company is exposed to currency risk as a result of its operations. Any requirement for hedging currency exposure is managed centrally in the LyondellBasell Global Treasury function. The company operates foreign currency bank accounts as it receives receipts and payments in other currencies (mainly euros) as a result of its European operations.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities in the form of intercompany cash pool balances covering GBP and Euro currencies. The management of the cash pool activities is carried out by an intercompany Treasury team. In addition to this the company has an interest bearing long term intercompany loan, the details of this are outlined in the group loan agreement.

This report was reviewed by the Board and signed on its behalf by:

Director : H Kalidas
Date : 29 September 2022

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their Annual Report and the audited financial statements of the company for the year ended 31 December 2021. All amounts disclosed in the financial statements are rounded to the nearest £'000.

Principal activities

The principal activities are the provision of custom particle size reduction services for plastic and non-plastic materials and the manufacture and supply of polymer powder for distribution to the manufactures Advanced Polymer Solutions (APS) products for BSM in the Netherlands, from which BSM resells the APS products to external customers.

Review

The results for the financial year are set out in the Income Statement on page 15. The result after taxation for the financial year ended 31 December 2021 was a loss of £2,205,000 (31 December 2020: loss £1,642,000). Future developments are disclosed in the Strategic Report.

Dividends

The directors have not recommended the payment of a dividend in respect of the current year (year to 31 December 2020: £nil).

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the parent company LyondellBasell Industries N.V.

Financial risk management

Details of the Company's financial risk management policies can be found within the 'Principal risks and uncertainties' section of the Strategic Report.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

B Dickson

H Kalidas

Directors during the year had no interests in the shares of any company within the group.

Third party indemnity provision

The company has made qualifying third party indemnity provisions for the benefit of its directors (which extend to the performance of any duties as a director of any associated company) and these remain in force at the date of approval of the financial statements.

Research and development

The company doesn't have a formal research and development investment program. There was no expenditure on research and development in the year (year to 31 December 2020: £nil).

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Health and safety

The company is committed to ensuring the safety of its employees, our customers and communities. As a global, socially responsible corporate citizen, we will conduct our business with the highest ethical and legal standards. To achieve these goals the Company will continue to:

- Comply with applicable environmental, health and safety regulations, laws and LyB standards.
- Establish systems and set corporate goals that seek continuous improvement.
- Integrate safety and environmental standards into key business decisions.

Political and charitable donations

The Company made no political or charitable donations in the year (2020: £nil).

Disclosure of information to auditors

Each of the persons who are directors at the time this Directors' Report is approved have confirmed that:

- so far as that director is aware, there is no relevant audit information (i.e. information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each director has taken all steps that they ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Directors' Statement in performance of their statutory duties in accordance with section 172(1) of the Companies Act 2006

Directors duties
Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

'a director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:
- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and other;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the company.'

The following paragraphs summarise how the Directors' fulfil their duties:

Risk Management
We process polymers by compounding additives and colourants into the polymer to enhance the materials properties, the Company then reduce the polymers into a range of powder sizes which is then distributed for use within the Rotational Moulding Industry to a variety of end user industries in the UK and Europe. With the centralised BSM operating model, the Company's primary focus is on weekly safety, quality, production and cost KPI's. The Company also has contingency plans in the event of plant outages.

Customers are supplied through internal manufacturing assets, which is managed via our ongoing capital investment programme to in order to adapt to changing market conditions. Our aim is that our manufacturing operations are safe, flexible, reliable and sustainable with minimum waste. We consider the main business risks to be those associated with equipment outage, raw material availability, health and safety, compliance with regulatory standards, climate change and loss of business due to third party customer issues. During the year there were also additional risks associated with Brexit and Covid-19 to manage. Both risks were managed successfully as the Company has the ability to transfer production to other plants in Europe and the Company was able to continue production during Covid-19 due to its classification as an essential industry.

Given the nature of our products and the regulatory environment we operate in, we foster a no risk approach towards breaches of policy and controls in critical areas, such as regulatory standards, health and safety. We have well defined review processes and controls to monitor and meet these goals. We also are able to draw on the wider LyB corporate standards where required to help meet our objectives.

Our People
A key principle of how the Company conducts its business is to protect the health and safety of our employees, contractors and the communities where we operate. We have a "GoalZERO" approach that means we are committed to operating safely with zero injuries, zero incidents and zero accidents. We are committed to our employees and their safety, and to ensuring that all of our colleagues get home safely every day. All employees have adequate training to ensure that they are competent to perform their roles. Our Operators who hold Licences for Forklifts and Access Equipment, Fire Marshall and First Aiders all receive renewal refresher training. The Company provides all Production staff a formalised process to encourage learning based on a Grading System. The Company participates in an Apprenticeships scheme to ensure good handover as our more experienced employees retire.

The group engages with staff via worldwide Townhall meetings and at a local level we hold Shop Floor meetings focused on safety, performance and projects. In 2021, the site participated in the LYB MyVoice questionnaire, an anonymous process allowing employees to feedback on a range of topic regarding the organisation and the site. All employees attend regular Health and Safety meetings during the year and, in line with company policy, all accidents are reported to LyB the group corporate body. No recordable accidents were recorded in 2021 at the Gainsborough site. There were Covid safe protocols in place to ensure staff could return to work safely.

Directors' Statement in performance of their statutory duties in accordance with section 172(1) of the Companies Act 2006 (continued)

Business Relationships
LyB sales and marketing is centralised, with the majority of sales made through the new operating model, whereby the Company manufactures products for Basell Sales and Marketing Company (BSM) in the Netherlands which then distributes to external customers. As such BSM notify the Company of customer demand and opportunities in the polymer market. BSM and the Company are supported by a centralised Technical Centre, which is based on the Gainsborough site, in the development of projects with customers.

Community and environment
We enable our employees to support the local communities around us by sponsorship of local amenities and donations from our site.

We recognise that our manufacturing operations need to be sustainable with minimum waste, which we continually influence via our capital expenditure program and ongoing continuous improvement efforts. As part of LYB, we are committed to helping eliminate plastic waste and are engaged in collaborative efforts across the value-chain to direct action where it is needed most. We are advancing technologies and innovations that will help conserve finite resources and retain their value for as long as possible. We comply with relevant environmental regulations and there has been 1 environmental audit in the year.

We recognise that our manufacturing operations need to be sustainable with minimum waste, which we continually influence via our capital expenditure program and ongoing continuous improvement efforts. As part of LyB, we are committed to helping eliminate plastic waste and are engaged in collaborative efforts across the value-chain to direct action where it is needed most. We are advancing technologies and innovations that will help conserve finite resources and retain their value for as long as possible. We comply with relevant environmental regulations and there have been no environmental audits in the year.

Culture and values
We recognise the importance of having the right culture throughout the organisation. There is a group wide code of conduct which covers topics such as fair and accurate business dealings, corruption, health and safety, discrimination, and environmental protection. To ensure all employees of the Company understand their obligation, the code of conduct is supplemented by annual on-line training mandatory and voluntary modules which cover; code of conduct, anti-bribery and corruption, diversity and work place violence. There is a whistle blowing line details of which are made available on communal notice boards or staff can use the "Ethics Point" website.

Shareholders
We maintain a continuing effective dialogue with our shareholder and parent company. Our strategy and objectives are developed in conjunction with the wider LyondellBasell Group strategy. We do this by participating in the wider strategy to consistently deliver industry leading performance by; safely and reliably delivering high quality products to customers, being the company of choice for employees and shareholders and being a responsible, good neighbour in the communities where we operate.

Streamline energy and carbon reporting (SECR)

On 1 April 2019, the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force. This is the first time the Company has presented these disclosures and covers all sources of the Company's greenhouse gas (GHG) emissions in accordance with the requirements of these regulations. The methodology for calculating GHG emissions is based on the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard developed by the World Resources Institute and World Business Council for Sustainable Development. All conversion factors have been sourced from recognised public sources, including the UK's Department for business, energy and industrial strategy, the International Energy Agency and the GHG protocol's stationary combustion tool.

Energy consumption used to calculate emissions (kWh):

	2021	2020	% Change
Natural Gas	71,680	74,919	(4.3%)
LGP	197,675	197,652	0.0%
Company vehicles	5,589	5,364	4.2%
Electricity	6,199,932	5,120,667	21.1%
Total energy	**6,474,876**	**5,398,602**	**19.9%**

Emissions in tonnes CO_2e:

		2021	2020	% Change
Scope 1	Natural Gas	13.1	13.8	(5.1%)
Scope 1	LPG	42.4	42.4	0.0%
Scope 1	Company vehicles	1.4	1.3	7.7%
Scope 2 (MBM*)	Electricity	0	0	0
Total	Total gross tonnes CO_2e	**56.9**	**57.5**	**(1.0%)**
Emissions intensity ratio Gross tonnes CO_2e per £'m turnover		**1.8**	**2.5**	**(28.0%)**

*Location based methodology 1,316.4 CO_2e (FY20 1,193.8)

The Company and the wider LyB Group are committed to reducing their environmental impact and contribution to climate change through increased energy management, awareness and changes to operational procedures. Energy intensity is regularly monitored against external targets as part of Climate Change Agreement compliance. New low-carbon products in other markets are continually being explored, which will not only contribute to the LyB Group's goal of a 15 % reduction in $CO2e$ per tonne of product by 2030 against a 2015 base year, but will also boost plant efficiency and profitability in the short term. Process equipment is routinely assessed and upgraded to more efficient technology as it becomes available. Most recently, new frequency inverters were fitted to three production lines which has increased energy efficiency and will reduce equipment wear and tear. There is also an active rolling replacement programme to upgrade old-generation lighting to LED equivalents throughout the site.

Methodology

GHG emissions associated with Scope 2 purchased electricity have been reported using both market-based and location-based methodologies. The market-based method considers emissions from specific energy contracts and instruments, where the location-based method applies an average emissions factor reflective of the UK national grid generation mix in 2020. Electricity is procured from 100% renewable sources, therefore the GHG emissions calculated using the market-based method have been reported as zero. GHG emissions calculated using the location-based method have been included for comparison only. Transport disclosures have been calculated using mileage expense claims. As vehicle information was not held against each claim, conversion factors for a standard vehicle of unknown engine size or fuel type was instead used, taking into account the average UK fleet split between petrol and diesel vehicles.

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

Directors' Responsibilities Statement

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 102, 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 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 also 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.

On behalf of the board

Director : H Kalidas
Date : 29 September 2022

Independent auditors' report to the members of A. Schulman Gainsborough Limited

Report on the audit of the financial statements

Opinion

In our opinion, A Schulman Gainsborough Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: Statement of Financial Position as at 31 December 2021; Income Statement and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Independent auditors' report to the members of A. Schulman Gainsborough Limited (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements.

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK health & safety and employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries designed to overstate the financial performance and position of the company. Audit procedures performed by the engagement team included:

- enquiries of management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud
- reviewing relevant meeting minutes, including those of the Board; and
- identifying and testing journal entries, in particular those considered to have unusual account combinations to income

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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

Independent auditors' report to the members of A. Schulman Gainsborough Limited (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Jonathan Bound (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
29 September 2022

A SCHULMAN GAINSBOROUGH LIMITED

INCOME STATEMENT

	Note	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Turnover	4	31,345	23,026
Cost of sales		(30,469)	(21,567)
Gross profit		876	1,459
Distribution costs		(455)	(402)
Administrative expenses		(1,013)	(1,456)
Administrative expenses – Exceptional items		(822)	(295)
Operating loss	5	(1,414)	(779)
Loss before taxation and interest		(1,414)	(779)
Interest receivable and similar income	7	-	4
Interest payable and similar expenses	7	(724)	(695)
Net interest expense	7	(724)	(691)
Loss before taxation		(2,138)	(1,470)
Tax on loss	8	(67)	(172)
Loss for the financial year		(2,205)	(1,642)

There has been no other comprehensive income during either 2021 or 2020 other than as disclosed above.

A SCHULMAN GAINSBOROUGH LIMITED

STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Fixed assets			
Tangible assets	9	2,840	2,517
Investments	10	25,410	25,410
		28,250	27,927
Current assets			
Inventories	11	7,028	5,534
Debtors	12	6,249	4,432
Cash at bank and in hand		8	29
		13,285	9,995
Creditors: amounts falling due within one year	13	(11,033)	(5,282)
Net current assets		2,252	4,713
Total assets less current liabilities		30,502	32,640
Creditors: amounts falling due after more than one year	14,15	(28,239)	(28,172)
Net assets		2,263	4,468
Capital and reserves			
Called up share capital	17	1,194	1,194
Share premium account		2,896	2,896
(Accumulated losses) / Retained earnings		(1,827)	378
Total equity		2,263	4,468

The notes on pages 18 to 35 are an integral part of these financial statements.

The financial statements on pages 15 to 35 were authorised for issue by the board of directors on

29 September 2022 and were signed on its behalf

Director : H Kalidas

A Schulman Gainsborough Limited
Company registration number: 03261137

A SCHULMAN GAINSBOROUGH LIMITED

STATEMENT OF CHANGES IN EQUITY

	Called up share capital £'000	Share premium account £'000	(Accumulat -ed losses) /Retained earnings £'000	Total equity £'000
Balance as at 1 January 2020	1,194	2,896	2,020	6,110
Loss for the financial year	-	-	(1,642)	(1,642)
Total comprehensive expense	-	-	(1,642)	(1,642)
Balance as at 31 December 2020	**1,194**	**2,896**	**378**	**4,468**
Balance as at 1 January 2021				
Loss for the financial year	-	-	(2,205)	(2,205)
Total comprehensive expense	-	-	(2,205)	(2,205)
Balance as at 31 December 2021	**1,194**	**2,896**	**(1,827)**	**2,263**

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

A Schulman Gainsborough Limited's principal activities are the manufacture and supply of Advance Polymer solution products for Basell Sales and Marketing B.V, in the Netherlands, from which BSM resells the APS products to external customers. The company is a private company limited by shares and incorporated in the United Kingdom. The registered office is shown on page 2.

Statement of compliance

The individual financial statements of A Schulman Gainsborough Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit and loss in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4. The current period of account is the year ended 31 December 2021.

(b) Going concern

In considering the appropriate basis on which to prepare the financial statements, the directors are required to consider whether the Company can continue in operational existence for a period of at least 12 months from the approval of the financial statements. The company meets its day-to-day working capital requirements through its group's centralised treasury cash pooling arrangement with other LyB operation in Europe. The majority of sales are now made through a new operating model, whereby the Company manufactures products for Basell Sales and Marketing Company (BSM) in the Netherlands which then distributes the products to external customers. The Company is reliant upon BSM and support of the ultimate parent company LyondellBasell Industries N.V. to continue as a going concern. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company LyondellBasell Industries N.V. The directors have received confirmation that LyondellBasell Industries N.V. intends to support the company for at least one year after these financial statements are signed.

(c) Exemptions for qualifying entities under FRS 102

Cash flow statement and related party disclosures

The company is included in the consolidated financial statements of LyondellBasell Industries N.V. Which will be publicly available. Consequently, as the company is a 100% owned subsidiary, the company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, LyondellBasell Industries N.V., includes the company's cash flows in its own consolidated financial statements.

2. Summary of significant accounting policies (continued)

(c) Exemptions for qualifying entities under FRS 102 (continued)

The company has taken advantage of the exemption, under FRS 102 paragraph 26.18(b), 26.19 to 26.21 and 26.23, concerning group equity instruments and has not disclosed the share-based payments of any director as they are share-based payment arrangements which concern equity instruments of the LyondellBasell Industries N.V. Equivalent disclosures have been made in the group's consolidated financial statements.

(d) Foreign currency

(i) Functional and presentation currency

The company's *functional and presentation currency is the pound sterling.*

(ii) Transactions and balances

Transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transactions is included as an exchange gain or loss in the income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Non-monetary items measured at historical costs are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'Finance income / (expense)'. All other foreign exchange gains and losses are presented in the profit and loss account within 'Other operating gains / (losses)'.

(e) Turnover recognition

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes. The Company bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Company recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of turnover can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Company's sales channels have been met, as described below.

(i) Sale of goods
The company shall recognise revenue from the sale of goods when all the following conditions are satisfied:

(a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
(b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) the amount of revenue can be measured reliably;
(d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
(e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(ii) Rendering of services
The company shall recognise revenue from the performance of a service when the service has been fully completed.

2. Summary of significant accounting policies (continued)

(e) Turnover recognition (continued)

(iii) Interest income
Interest income is recognised using the effective interest rate method.

(iv)Royalty income
The company recognises royalty income received from Basell Sales and Marketing Company B.V. on a fixed percentage of sales arrangement. Royalty income is recognised on an accruals basis.

(f) Consolidated financial statements

The financial statements contain information about A Schulman Gainsborough Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, LyondellBasell Industries N.V., a company incorporated in the Netherlands and listed on the New York Stock Exchange (see note 21).

(g) Exceptional items

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

(h) Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans
The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

(iii) Annual bonus plan
The company operates an annual bonus plan for employees. An expense is recognised in the income statement when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

(i) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. Summary of significant accounting policies (continued)

(i) Taxation (continued)

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

(j) Group relief
Group relief is surrendered to/received from other group companies for no consideration.

In specific circumstances, individual group companies may reach agreement between themselves to surrender and/or receive group relief for consideration within the tax on profit with the Income Statement.

Should group relief be surrendered to/received from other group companies for consideration, the consideration paid will reflect, at a minimum, the corporation tax amounts surrendered and/or received. These amounts are reported as expenses or benefits within the tax on (loss)/profit within 'Retained earnings'.

On a discretionary basis, group companies, may agree to compensate for amounts in excess of the corporation tax amounts surrendered and/or received. In this instance, the excess over the corporation tax amount is shown as a separate movement within the 'Retained earnings' reserve on the Statement of Financial Position.

(k) Dividend income

Dividend income is recognised when the right to receive payment is established.

(l) Tangible assets

Tangible fixed assets are stated at historic purchase cost, net of accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and costs attributable to bringing the asset into its working condition for its intended use.

(i) Land and buildings

Tangible fixed assets are stated at historic purchase cost, net of accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and costs attributable to bringing the asset into its working condition for its intended use.

(ii) Land and buildings

Land and buildings include freehold manufacturing sites and offices. Land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Plant and machinery and fixtures, fittings, tools and equipment

Tangible fixed assets are stated at historic purchase cost, net of accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and costs attributable to bringing the asset into its working condition for its intended use.

2. Summary of significant accounting policies (continued)

(l) Tangible assets (continued)

(iv) Land and buildings

Land and buildings include freehold manufacturing sites and offices. Land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses.

(v) Plant and machinery and fixtures, fittings, tools and equipment

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(vi) Depreciation and residual values

Freehold land is not depreciated. The fixed assets have been depreciated on a straight line basis at rates calculated to reduce the net book value of each asset to its estimated residual value by the end of its expected useful economic life in the company's business, and the rates are as follows:

Freehold land and buildings	- 20 to 30 years
Plant and machinery	- 4 to 10 years
Fixtures, fittings and computer equipment	- 10 years
Motor vehicles	- 3 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

(vii) Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

(viii) Assets in the course of construction

Assets in the course of construction are stated at cost. These assets are not depreciated until it is available for use.

(ix) De-recognition
Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating gains/(losses).

2. Summary of significant accounting policies (continued)

(m) Leased assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(n) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Income Statement on a straight-line basis over the year of the lease.

(o) Investments

Investments in subsidiary companies are held at cost less accumulated impairment losses.

(p) Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the weighted average cost method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. The cost of manufactured finished goods and work in progress includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity). At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the impairment charge is recognised in the Income Statement

(q) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid intercompany balances with a maturity of three months of less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

(r) Impairment of non-financial asset

At each Statement of Financial Position date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Income Statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Income Statement.

2. Summary of significant accounting policies (continued)

(s) Provisions and contingencies

(i) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular:

(a) Restructuring provisions are recognised when the company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and

(b) Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(ii) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

(t) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the year in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the Statement of Changes in Equity.

(v) Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

2. Summary of significant accounting policies (continued)

(w) Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets
The Company only enters into basic financial assets, including trade and other receivables and cash and bank balances. These are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial liabilities
Basic financial liabilities, including trade and other payables, bank loans and balances due to from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

3. Critical accounting judgements and estimation uncertainty

In applying the accounting polices detailed above, decisions sometimes have to be made as to the likely outcome of future events. Those judgements and estimates made in preparing the financial statements are based on historical experience and assumptions that the directors believed were reasonable in the circumstances.

(i) Useful economic lives of tangible assets
The annual depreciation charge for tangible assets 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 10 for the carrying amount of the property plant and equipment, and note 2 for the useful economic lives for each class of assets.

(ii) Inventory provisioning
The Company manufactures and sells polymer powder for use in a wide variety of applications in the plastics industry. 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 sale ability of finished goods and future usage of raw materials. See note 12 for the net carrying amount of the inventory and associated provision.

(iii) Impairment of debtors
The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors and associated impairment provision.

4. Turnover

Analysis of turnover by geography	2021 £'000	2020 £'000
United Kingdom	578	5,766
Rest of Europe	30,759	17,248
Rest of World	8	12
	31,345	23,026

Analysis of turnover by nature	2021 £'000	2020 £'000
Sales of goods	30,799	22,449
Rendering of services	192	356
Other - royalty income	354	221
	31,345	23,026

5. Operating loss

Operating loss is stated after charging:

	Note	2021 £'000	2020 £'000
Wages and salaries		2,518	2,754
Social security costs		245	240
Other pension costs	22	165	140
Total staff costs		2,928	3,134
Operating lease charges			
- Plant and machinery		54	53
- Other		-	12
Depreciation of tangible fixed assets			
- Owned assets	9	172	200
Foreign exchange loss		86	15
Audit fees payable to the company's auditors		20	17
Redundancy costs		-	295
Inventory recognised as an expense		23,797	17,384
Impairment of inventory (included in cost of sales)		75	44
Exceptional items (see below)		822	-

Administrative expenses included corporate recharges of £1,288,000 (year to 31 December 2020: £768,000). Included within the corporate recharges was an Exceptional item for the consideration of £821,695 (EURO 923,725) paid for the ASIS SP transfer. The intangible component of this transfer valued at £741,179 (EURO 833,211) was expensed.

There were no non audit fees payable to the Company's auditors (2020: nil)..

6. Employees and directors

Employees

Average monthly number of persons employed (including directors) by the Company during the year was:

By activity	2021 Number	2020 Number
Production	48	50
Administration	10	13
	58	63

Directors	2021 £'000	2020 £'000
Aggregate emoluments	92	194
Contributions to defined benefit pension scheme	8	18
Compensation on loss of office	-	149
Total emoluments	100	361

Number of directors in company pension schemes

Money purchase schemes	1	2

The aggregate emoluments of the directors during the year were £100,000 (year to 31 December 2020: £342,000). One director (2020: two) did not receive any emoluments for the company in respect of their services to the company. Their costs were paid by a parent undertaking and, under the rules of an intercompany recharge agreement, a portion of these costs have been recharged to the company via the group management recharge, although it is not possible to separately identify these costs.

Highest paid director	2021 £'000	2020 £'000
Aggregate emoluments	92	118
Contributions to defined benefit pension scheme	8	18
Compensation on loss of office	-	149
Total emoluments	100	285

In addition to the emoluments figures above, the total company contributions to a defined contribution pension scheme in respect of directors was £8,000 (2020: £18,000). The number of directors accruing benefits under the defined contribution pension scheme is one (2020: 1).

7. Net interest expense

Interest receivable and similar income

	2021 £'000	2020 £'000
Interest receivable from group undertakings	-	4
Total interest receivable and similar income	-	4

Interest payable and similar expenses

	2021 £'000	2020 £'000
Interest payable to group undertakings	(724)	(695)
Total interest payable and similar expenses	(724)	(695)

Net interest expense

	2021 £'000	2020 £'000
Total interest receivable and similar income	-	4
Total interest payable and similar charges	(724)	(695)
Net interest expense	(724)	(691)

8. Tax on loss

(a) Tax expense included in the Income Statement

	2021 £'000	2020 £'000
Current tax		
UK corporation tax on loss for the year	-	-
Adjustment in respect of previous periods	-	144
Total current tax	-	144
Deferred tax		
Origination and reversal of timing differences	41	52
Effect of changes in tax rates	20	-
Adjustment in respect of previous periods	6	(24)
Total deferred tax (note 16)	67	28
Tax on loss	67	172

8. Tax on loss (continued)

(b) Reconciliation of tax expense

The tax assessed for the year is higher (2020: higher) to the standard rate of corporation tax in the UK 19% (2020: 19%). The differences are outlined below:

	2021 £'000	2020 £'000
Loss before taxation	**(2,138)**	(1,470)
Loss multiplied by the standard rate of corporation tax in the UK 19% (2020: 19%)	**(406)**	(279)
Effects of:		
Expenses not deductible for tax purposes	**163**	13
Depreciation expense not deductible for tax purposes	**-**	-
Tax rate changes	**20**	-
Group relief for nil consideration	**284**	319
Adjustment in respect from previous periods	**6**	119
Tax charge for the year	**67**	172

Factors affecting current and future tax charges

The Finance Act 2015 introduced a reduction in the main rate of corporation tax from 20% to 19% with effect from 1 April 2017. Deferred tax balances at 31 December 2020 were measured at 19%.

In the March 2021 Budget it was announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. This rate was substantively enacted on 24 May 2021. The closing deferred tax balances, where appropriate, have been calculated at 25%.

9. Tangible assets

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and computer equipment £'000	Motor Vehicles £'000	Assets under Construction £'000	Total £'000
Cost						
At 1 January 2021	2,701	6,573	482	6	713	10,475
Additions	-	-	-	-	495	495
Transfers	-	701	507	-	(1,208)	-
Disposals	(4)	(105)	(6)	-	-	(115)
At 31 December 2021	**2,697**	**7,169**	**983**	**6**	**-**	**10,855**
Accumulated depreciation						
At 1 January 2021	2,125	5,731	96	6	-	7,958
Disposals	(4)	(105)	(6)	-	-	(115)
Charge for the year	26	121	25	-	-	172
At 31 December 2021	**2,147**	**5,747**	**115**	**6**	**-**	**8,015**
Net book value						
At 31 December 2021	**550**	**1,422**	**868**	**-**	**-**	**2,840**
At 31 December 2020	576	842	386	-	713	2,517

Assets in the course of construction are included in plant and machinery at cost of £668,000 and fixtures, fittings and computer equipment at cost of £53,000. No depreciation has been charged in relation to these transfers. Included in the plant and machinery costs was the acquisition of the identifiable assets component of the ASIS SP transfer at a cost of £81,000. The total amount of capitalisations attributable to the installation of the ASIS SP equipment for the period was £712,000.

10. Investments

	Subsidiary undertakings £'000
Net book value	
As at 31 December 2021 and 31 December 2020	**25,410**

The directors believe that the carrying value of the investments is supported by their underlying net assets and future cash flows. The company's subsidiary is as follows:

	Incorporated in	**Share Class**	**Percentage held**	**Activity**
A Schulman Thermoplastic Compounds Limited	UK	Ordinary	100%	The compounding of PVC, engineering and thermoplastic polymers

A Schulman Thermoplastic Compounds Limited is incorporated in England. Address: 1 Kingsland Grange, Woolston, Warrington, Cheshire, WA1 4RA. During the year no dividends (year to 31 December 2020: £Nil) were received from A Schulman Thermoplastic Compounds Limited.

11. Inventories

	2021 **£'000**	2020 £'000
Raw materials and consumables	**3,576**	4,164
Finished goods and goods for resale	**3,452**	1,370
	7,028	5,534

The difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amount was £66,000 (2020: £43,000). Inventories are stated after provisions for impairment of £75,000 (2020: £43,000).

12. Debtors

	Note	2021 £'000	2020 £'000
Trade debtors		**13**	188
Amounts owed by group undertakings		**5,558**	3,955
Corporation tax recoverable		**-**	201
Other debtors		**622**	26
Prepayments and accrued income		**56**	62
		6,249	4,432

Amounts owed by the group undertakings include the cash pooling balances of £112,000 with LYB Finance Company B.V. which acts as a Group Treasury function. The cash pooling arrangement is unsecured, bearing interest of LIBOR / EURIBOR minus 15 basis points on balances held in GBP, EURO and USD, payable on demand. The remaining amounts owed by group undertakings are unsecured, interest free trade receivable balances payable on demand.

13. Creditors : amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	**1,875**	2,562
Amounts owed to group undertakings	**8,235**	1,635
Amounts owed to group undertakings – Intercompany loan	**225**	226
Other taxation and social security	**57**	55
Accruals and deferred income	**641**	804
	11,033	5,282

Amounts owed to group undertakings include the cash pooling balance of £7,412,000 with LYB Finance Company B.V. which acts as a Group Treasury function. The cash pooling arrangement is unsecured, bearing interest payable of LIBOR / EURIBOR plus 125 basis points on balances held in GBP, EURO and USD, payable on demand.
The remaining amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14. Creditors : amounts falling due after more than one year

	Note	2021 £'000	2020 £'000
Amounts falling due between one and five years			
Amounts owed to group undertakings		**28,154**	28,154
Deferred tax	15	**85**	18
		28,239	28,172

There is a long term loan agreement with LYB Finance Company BV, a wholly owned subsidiary of LyondellBasell Group, is denominated in GBP and has an interest rate of 2.34% per annum. Repayment of the loan is on 31 August 2023.

15. Deferred tax liability

Deferred tax	2021 £'000	2020 £'000
Accelerated capital allowances	**90**	23
Pension timing differences	**(5)**	(4)
Other timing differences	**-**	(1)
Deferred tax liability	**85**	18

Movement of deferred taxation	£'000
At 1 January 2021	18
Debit to Income Statement	61
Adjustment in respect of prior years	6
At 31 December 2021	**85**

16. Financial instruments

The Company has the following financial instruments

	2021 £'000	2020 £'000
Financial assets that are debt instruments measured at amortised cost		
Trade Debtors	**13**	188
Amounts owed by group undertakings	**5,357**	3,955
Other debtors	**622**	26
Total	**5,992**	4,169
Financial liabilities measured at amortised cost		
Trade creditors	**1,875**	2,562
Amounts owed to group undertakings	**8,235**	1,635
Amounts owed to group undertakings – Intercompany loan	**28,379**	28,380
Total	**38,489**	32,577

17. Called up share capital

	2021 £'000	2020 £'000
Allotted and fully paid		
1,193,906 (2020: 1,193,906) ordinary shares of £1	**1,194**	1,194

18. Capital and other commitments

	2021 £'000	2020 £'000
Contracts authorised for future capital expenditure not provided in the financial statements	**-**	-

The Company had the following minimum lease payments under non-cancellable operating leases for each of the following years:

	2021 £'000	2020 £'000
Within one year	**10**	10
Within two to five years	**40**	27
	50	37

The Company has no other off-balance sheet arrangements (FY20;

19. Related party transactions

The company is exempt from disclosing transactions with members of the group headed by LyondellBasell Industries N.V. that are wholly owned within the group.

See note 7 for disclosure of the directors' remuneration and key management compensation.

20. Controlling parties

The immediate parent undertaking is A Schulman Europe International BV whose registered office is Mijlweg 7, s-Gravendeel NL 3295 KG, The Netherlands.

The ultimate parent undertaking and controlling party is LyondellBasell Industries N.V. which is the largest and the smallest group to consolidate these financial statements. The consolidated financial statements of LyondellBasell Industries N.V. may be obtained from LyondellBasell Industries N.V., Delftseplein 27E, 3013 AA Rotterdam, The Netherlands and 4th Floor, One Vine Street, London, W1J 0AH, United Kingdom.

21. Contingent liabilities

In the opinion of the directors, there were no material contingent liabilities or commitments requiring disclosure.

The company is a participant in a group banking arrangement under which all surplus cash balances are held as collateral for bank facilities advanced to group members. No liability is expected to arise under this arrangement.

At 31 December 2021, the company had deferment bank guarantees in favour of HM Revenue and Customs of £150,000 (31 December 2020: £150,000).

22. Post-employment benefits

The Company provides a group personal pension arrangement for its employees. The amount recognised as an expense for this defined contribution arrangement was £165,000 (year to 31 December 2020: £140,000). There was an amount of £22,000 outstanding at the year end (year to 31 December 2020: £20,000).