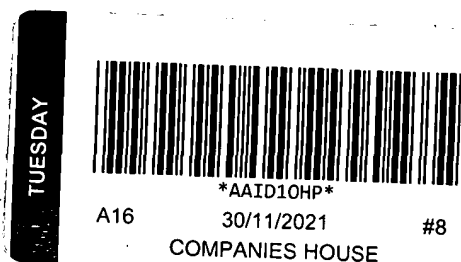


**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**  
(Registered number 4031360)

**Annual Report and Financial Statements**

**Year Ended 31 December 2020**



**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

**FINANCIAL STATEMENTS**

**31 December 2020**

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## **DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

### **STRATEGIC REPORT**

The Directors present their strategic report for the year ended 31 December 2020.

#### Review of Business and Future Developments

The main activity of the company is the manufacture and sale of vitamins and fine chemicals in the fields of human health care, personal care and animal nutrition. The company is a contract manufacturer with all production sold intercompany to other companies within the Royal DSM N.V. group. Other companies in the Royal DSM N.V. group use the products internally or sell to third parties.

During 2020 the company maintained its focus on continuous improvement and sustainability.

Results for the year are given in the profit and loss account on page 16.

The profit after tax for the financial year was £1,143,000 (2019: £705,000) and this has been transferred to reserves. As a result of its position within a global group, the company's key performance indicators are non-financial and focus on health and safety and environmental matters:

- |   |                 |
|---|-----------------|
| - Fatalities/Major injuries                     | nil (2019: nil) |
| - Significant Breaches of Environmental permits | nil (2019: nil) |

No proposed dividend is recommended in respect of the year ended 31 December 2020 (2019: nil).

#### Principal Risks and Uncertainties

##### **Competitive Risks**

The commercial risks experienced by the company are different to those affecting most commercial organisations as a result of the company's position within a global group. The company is focussed on high quality product differentiation and cost competitiveness to compete in international markets.

##### **Legislative Risks**

The company is required to comply with all legislation, but in particular covering activities such as standards of health & safety of employees / employment legislation, environmental legislation and standards of hygiene in vitamin production. The company makes use of specialists within the company with this knowledge and also within the wider Royal DSM N.V. group in order to manage these and ensure compliance with national laws and operational best practice.

#### Financial Risk Management Objectives and Policies

The company's policy does not permit trading in any financial instruments. The company's principal financial instruments comprise of cash, short term deposits and/or borrowings, the main purpose of which is to provide finance for its normal trading operations and to reduce the impact of currency exchange rate movements on trading results. The company has various other financial instruments such as trade debtors and creditors that arise directly from its trading operations.

## **DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

### **STRATEGIC REPORT (continued)**

The main risks arising from the company's financial instruments are liquidity and foreign currency risks. The company has clear policies for managing each of these risks, as summarised below.

#### **Liquidity Risk**

The company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets. Investment is carefully controlled, with authorisation limits operating at different levels up to group board level and with hurdle rates of return and cash payback periods applied as part of the investment appraisal process.

The company participates in the overall world-wide group's funding strategy managed at corporate treasury level. The objective is to maintain a balance between continuity of funding and flexibility.

#### **Foreign Currency Risk**

The company buys and sells goods and services denominated in currencies other than sterling. The company manages such receipts and payments through the operation of other denominated currency bank accounts. As a result of the value of the company's non-sterling revenues, purchases, financial assets and liabilities, cash flows can be affected significantly by movements in exchange rates.

The company seeks to mitigate its exposure to currency movements by working with the Group's Treasury department. This department operates on a group wide basis to match the exposures anticipated in the various businesses.

#### **COVID19 Risk**

The company aims to mitigate the risk of COVID19 through the implementation of a number of measures including communication with employees and provision of appropriate health measures including working from home where practical and enforcement of social distancing where working on site is essential. All government and corporate requirement are implemented and followed.

The company was successful in avoiding production disruption due to COVID19 during 2020 and believes that the risk has reduced since the end of the year due to the success of the vaccination program. However, the company appreciates that the disease can mutate and further outbreaks may disrupt future production.

#### **BREXIT Risk**

The company mitigated the risk from BREXIT through advance preparation which involved stock building and maintaining strong communication with our suppliers, customers and other stakeholders.

As a result of these proactive actions, the company was not significantly affected by BREXIT disruption following the year end.

## **DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

### **STRATEGIC REPORT (continued)**

#### **Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006**

The 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 decision in the long-term;
- The interest of the company’s employees;
- The need to foster the company’s business relationships with suppliers, customers, and others;
- The impact of the company’s operations on the community and 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”

As part of their appointment, a director is briefed on their duties and they are able to seek professional advice on these. As a subsidiary in an international group, the directors fulfil their duties by close day to day involvement with management and employees as well as through a framework that delegates decision making to employees of the company in line with group policies.

The following paragraphs summarise how the directors fulfil their duties:

#### **Long Term Decision Making**

As part of the Royal DSM N.V. group, the directors are always mindful of the long term sustainability of the company when making decisions about risk and ensure that this long term strategy is aligned with the vision of the Group as a whole. The company has developed processes to identify, evaluate, manage and mitigate the risks we face and the details of the principal risks and uncertainties we face are set out elsewhere in this report.

#### **The Interests of the Company’s Employees**

The company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, customers and communities and people are at the heart of our business. For our business to succeed we recognise the need to manage our people’s performance and identify, develop and bring through talent while ensuring we operate as efficiently as possible. We must also ensure we share common values that inform and guide our behaviour, so that we achieve our goals in the right way. Our approach to employee engagement is set out elsewhere in this report.

## **DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

### **STRATEGIC REPORT (continued)**

#### **Business Relationships**

Our strategy prioritises growth driven by maximising the relationships we have with our immediate customers and suppliers within the Royal DSM N.V. Group of which we are part, as well as prioritising the needs of our end customers. To do this, we develop and maintain strong customer and supplier relationships through engagement with the larger group. As part of this we regularly review accounts with our customers and audit our agreements with key suppliers, in conjunction with our affiliate companies.

#### **Community and Environment**

The company is embedded in our local communities and our approach is to use our position of strength to create positive change for the people and communities with which we interact. The company is committed to reducing its impact on the environment and develops long term plans to minimise its environmental footprint as set out elsewhere in this report.

#### **Desirability of the Company Maintaining a Reputation for High Standards of Business Conduct**

The company follows the Group's global statement and policies on business conduct. Training processes are in place to ensure all employees are aware of the expected standards of business conduct and whistleblowing processes have been established to allow concerns to be raised.

#### **The need to act fairly between members of the Company**

As outlined elsewhere in this report the company is a wholly owned subsidiary of Royal DSM NV.

By order of the Board

DocuSigned by:  
*Colin Bratt*  
237225EB21CA433...

Colin Bratt  
Company Secretary  
24 November 2021

## **DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

### **DIRECTORS' REPORT**

The directors of the company submit their annual report and audited financial statements for the year ended 31 December 2020.

#### Directors

The directors who served during the year were as follows:

Mr R de Hooge	(appointed 6 October 2021)
Mr G Weir	(resigned 30 April 2021)
Mr L Rosetto	

#### Qualifying third party indemnity provisions for directors

The ultimate parent undertaking of the company maintains liability and indemnity insurance for its directors and officers and for those of its subsidiaries. The provision has been in place throughout the year.

#### Policy on Employment of Disabled Persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability. The company is in compliance with the Disability Discrimination Act.

The operation of this policy is closely monitored and reports and recommendations will be made to the Board for any changes, which are seen to be necessary as they arise.

#### Policy on Employee Involvement

The company will continue to develop and promote arrangements that will encourage employee involvement.

During the year to 31 December 2020, business matters were communicated to all employees through normal management channels, notice boards, newsletters and through other in-house publications in order to create greater awareness and commercial understanding amongst employees.

Formal consultative meetings continue to be held with all groups of employee representatives on a regular basis so that the views of employees can be taken into account in decisions that are likely to affect their interests.

## **DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

### **DIRECTORS' REPORT (continued)**

#### Policy on Health and Safety

The company accepts its responsibility to ensure the health and safety of all employees and contractors working on its sites. The Board carefully monitors health and safety performance by reviewing accident statistics at each meeting. A detailed report on health and safety (including process safety) objectives and performance is given to the Board annually. There were no fatalities or major injuries at any of the company's sites during 2020.

#### Political contributions

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

#### Report on Environmental Protection

The company takes seriously its responsibility to minimise the impact of its activities on the environment. To support this objective, the Dalry site has an Environmental Management System accredited to the international standard ISO14001. This standard requires an annual review of environmental performance and the setting of objectives to ensure continuous improvement.

#### Streamlined Energy and Carbon reporting (SECR) Statement

##### **Introduction**

The below statement contains DSM Nutritional Products (UK) Limited's annual energy consumption, associated relevant greenhouse gas emissions, and additional related information, as required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

##### **Methodology**

The methodology applied to the calculation of Greenhouse Gas emissions is the 'GHG Protocol Corporate Accounting and Reporting Standard'. An 'operational control' boundary has been applied. Carbon conversion factors have been taken from 'UK Government GHG Conversion Factors for Company Reporting – 2020'. Emissions are reported as CO<sub>2</sub>e. Electricity emissions have been reported as 'location' based.



**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

**DIRECTORS' REPORT (continued)****Energy Use and Greenhouse Gas Emissions**

The table below shows the total annual UK energy use and associated GHG emissions relating to the consumption of; electricity, natural gas, other fuels combusted on-site, and fuel consumed for relevant business transport purposes, for the period 1st January – 31st December 2020.

<b>Table – Energy Consumption and Emissions 2020</b>	
On-site combustion (kWh)	618,210,952
Electricity (kWh)	6,487,635
Road Transport (kWh)	223,073
<b>Total Energy (kWh)</b>	<b>624,925,277</b>
Scope 1 Emissions (tCO <sub>2</sub> e)	113,692
Scope 2 Emissions (tCO <sub>2</sub> e)	1,513
Scope 3 Emissions (tCO <sub>2</sub> e)	57
<b>Total Emissions (tCO<sub>2</sub>e)</b>	<b>115,262</b>
<b>Emissions Intensity (tCO<sub>2</sub>e/£m)</b>	<b>564</b>

**Emissions Intensity**

For purposes of baselining and ongoing comparison, it is required to express the emissions using a carbon intensity metric. The intensity metric chosen is £m turnover. The resultant emissions intensity, using location-based emissions, is 564 tCO<sub>2</sub>e/£m turnover.

**Energy Efficiency Action**

DSM has committed to decouple emissions from economic growth reducing 50% of emissions from operations (scope 1 and 2) in absolute terms by 2030. During 2020 we undertook a number of activities to reduce our energy consumption and associated carbon emissions, aligned to our long-term corporate goal to reduce emissions. A major focus was the reduction of steam use and losses at our Dalry manufacturing facility via projects such as; optimisation of the steam distribution system, the use of hot water rather than steam, replacement of steam with waste heat and flash steam recovery. Steam consumption is now monitored in 'real-time' via our energy dashboard enabling a quick response to any deviations in demand. Energy is closely monitored and managed, with monthly review meetings taking place involving senior management. Over the past five years we have reduced our energy input per kg of product output by 25%. Further improvements are planned for 2021 including further improvements to the steam distribution system, the introduction of additional heating controls, and the installation of low energy LED light fittings.

**Disclosure of information to the auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each 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.

**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

**DIRECTORS' REPORT (continued)**

**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.

**Other information**

An indication of likely future developments in the business and significant events which have occurred since the end of the financial year have been included within the Strategic Report on page 3.

By order of the Board

DocuSigned by:  
*Colin Bratt*  
237225EB21CA433...

Colin Bratt  
Company Secretary  
24 November 2021

Delves Road,  
Heanor Gate,  
Heanor,  
Derbyshire,  
DE75 7SG

## **DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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 DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

### **Opinion**

We have audited the financial statements of DSM Nutritional Products (UK) Limited ("the company") for the year ended 31 December 2020 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework 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 directors 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 directors' 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 directors' 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.

## **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 directors, key management and inspection of policy documentation as to the Company’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit and remained alert to any indications of fraud. As required by auditing standard, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue stream is recorded in the wrong period around the year end and the risk that Company 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 income recognition because of the routine and non-complex transactions and the limited judgement in respect of revenue recognition.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the effectiveness of some of the Company-wide fraud risk management controls. We have nothing to report in these respects. We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those containing keywords which we judge to indicate higher risk adjustments and journals posted outside of the normal course of business.
- Assessing significant accounting estimates for bias.

### *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, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors 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.

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, employment law, regulatory capital and liquidity, food manufacturing standards and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors 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 directors' report**

The directors are responsible for the strategic report and the directors' 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 directors' 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 directors' 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.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 11, 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](http://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.



**Bruce Marks (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
319 St Vincent Street  
Glasgow  
G2 5AS

24 November 2021

**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £000	2019 £000
Turnover	2	204,516	198,679
Cost of sales		<u>(200,102)</u>	<u>(195,296)</u>
Gross profit		4,414	3,383
Administrative Expenses		(640)	(818)
Other operating income		<u>264</u>	<u>12</u>
Operating profit	5	4,038	2,577
Interest payable	6	(1,646)	(2,260)
Interest receivable	7	3	6
Other financial income/(expense)	20	<u>18</u>	<u>(78)</u>
Profit before taxation		2,413	245
Tax (charge)/credit on profit	8	<u>(1,270)</u>	<u>460</u>
Profit for the financial year		<u><u>1,143</u></u>	<u><u>705</u></u>

All items in the Profit and Loss account relate to continuing operations.

**OTHER COMPREHENSIVE INCOME FOR THE YEAR***Items that will not be reclassified to profit or loss*

Actuarial (loss)/gain on pension scheme	20	(9,665)	3,030
Movement on deferred tax in relation to pension scheme		<u>1,776</u>	<u>(516)</u>
Other comprehensive (expense)/income, net of income tax		<u>(7,889)</u>	<u>2,514</u>
Total comprehensive (expense)/income for the year		<u>(6,746)</u>	<u>3,219</u>



**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

**BALANCE SHEET AS AT 31 DECEMBER 2020**

	Notes	2020 £000	2019 £000
<b>FIXED ASSETS</b>			
Tangible assets	9	115,921	113,504
<b>CURRENT ASSETS</b>			
Stocks	11	32,154	31,339
Debtors	12	28,162	30,122
Cash at bank and in hand		-	-
		<u>60,316</u>	<u>61,461</u>
<b>CREDITORS (Amounts falling due within one year)</b>	13	<u>(53,219)</u>	<u>(53,232)</u>
<b>NET CURRENT ASSETS</b>		<u>7,097</u>	<u>8,229</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>123,018</b>	<b>121,733</b>
<b>CREDITORS (Amounts falling due after more than one year)</b>			
Creditors	15	(74,787)	(74,924)
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax liability	16	(4,156)	(4,869)
Pension (liability)/asset	20	<u>(8,394)</u>	<u>487</u>
<b>NET ASSETS</b>		<u><b>35,681</b></u>	<u><b>42,427</b></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	44,651	44,651
Profit and (loss) account		<u>(8,970)</u>	<u>(2,224)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><b>35,681</b></u>	<u><b>42,427</b></u>

The financial statements were signed for and on behalf of the Board on 24 November 2021 by:

DocuSigned by:  
  
 9C7557657BA8437...  
 L Rosetto  
 Director

**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

**STATEMENT OF CHANGES IN EQUITY****AS AT 31 DECEMBER 2020**

	<b>Called up Share Capital £000</b>	<b>Profit and loss account £000</b>	<b>Total Equity £000</b>
Balance at 1 January 2019	24,651	(5,443)	19,208
<b>Total comprehensive income for the period</b>			
Profit for the financial year	-	705	705
Other comprehensive income	-	2,514	2,514
Increase in Share Capital	20,000	-	20,000
Total comprehensive income for the period	20,000	3,219	23,219
<b>Balance at 31 December 2019</b>	<b>44,651</b>	<b>(2,224)</b>	<b>42,427</b>
Balance at 1 January 2020	44,651	(2,224)	42,427
<b>Total comprehensive income for the period</b>			
Profit for the financial year	-	1,143	1,143
Other comprehensive expense	-	(7,889)	(7,889)
Total comprehensive expense for the period	-	(6,746)	(6,746)
<b>Balance at 31 December 2020</b>	<b>44,651</b>	<b>(8,970)</b>	<b>35,681</b>

## **DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1 ACCOUNTING POLICIES**

##### Basis of Financial Statements

DSM Nutritional Products (UK) Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 4031360 and the registered address is Delves Road, Heanor Gate, Heanor, Derbyshire, DE75 7SG.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2016 have been applied. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

- a Cash Flow Statement and related notes
- related party transactions with group companies where at least 90% of the voting rights are controlled within the group.
- Comparative period reconciliations for share capital and tangible fixed assets
- Disclosures in respect of capital management
- Disclosures in respect of the remuneration of Key Management Personnel
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures
- The effects of new not yet effective IFRSs

##### Going concern

The company's business activities, a review of the business and a description of the principal risks and uncertainties, together with the company's financial risk management processes and narrative regarding its exposure to key financial risks are outlined in the Directors' Report.

At 31 December 2020 the company had net current assets of £7,882,000 (2019: £8,229,000), a profit for the year then ended of £1,143,000 (2019: £705,00) and operating cash inflow for the year of £6,409,000 (2019: £9,047,000) and the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

For the purposes of the directors' assessment of the company's going concern position and to satisfy them of the company's ability to pay its liabilities as they fall due, the directors have prepared a company cash flow statement for a period of 13 months from the date of approval of these financial statements.

The main activity of the company is the manufacture and sale of vitamins and fine chemicals in the fields of human health care, personal care and animal nutrition. The company is a contract manufacturer with all production sold to other companies within the Royal DSM N.V. group. The company also obtains some raw materials used in production from other group companies.

**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****1 ACCOUNTING POLICIES (continued)**

The directors have made an assessment of the impact of COVID-19 on the business as a whole. Taking into consideration various criteria including but not limited to financial performance and effect on employees, the directors are satisfied that at the date of approval of these financial statements, there has been no significant detrimental impact on the business.

The cash flow forecasts indicate that, after taking account of severe but plausible downsides, including the impact of the COVID-19 pandemic, the company's existing resources are sufficient to enable it to trade and pay its liabilities as they fall due for the forecast period.

However, as with any company placing reliance on other group entities for financial and operational support, including relying on trading with the group, the directors acknowledge that there can be no certainty that the support will continue although at the date of approval of these financial statements, they have no reason to believe that they will not do so.

Consequently, the directors are 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.

**Measurement convention**

The financial statements are prepared on the historical cost basis.

**Turnover*****Vitamins and Fine Chemicals***

Turnover represents goods and services sold to affiliated companies less returns, stated exclusive of value added tax, under manufacturing contract agreements of a cost mark-up nature. Goods are sold on Carriage Paid To (CPT) incoterms with revenue recognised when the goods are collected from the company's sites. Selling prices are set at the start of the year with additional invoices/credit notes raised to ensure the agreed cost mark-up is achieved over the year.

***Electricity***

The company recognises revenue to depict the transfer of goods in an amount that reflects the consideration to which the company expects to be entitled to in exchange for these goods. Revenue is recognised at a point in time based on the number of units supplied at the unit rate specified in the contract. Units are energy volumes that can be sold on the wholesale market and are recorded using standard industry data. Invoices are typically raised and settled within the month.

In accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, the company has not prepared a segmental analysis of turnover as it is a wholly owned subsidiary of Royal DSM N.V. of The Netherlands. The consolidated financial statements of Royal DSM N.V. of The Netherlands include segmental reporting analysis.

**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**1 ACCOUNTING POLICIES (continued)**

Depreciation

Depreciation is calculated on cost at rates estimated to write off the assets, by equal instalments, over their expected working lives as follows:

Freehold and long leasehold property - over ten to forty years

Plant, machinery, fixtures - over three to fifteen years

No depreciation is provided on land. Assets in the course of construction are only depreciated when brought into use.

Government Grants

Regional development grants received are included within creditors and credited to the profit and loss account over the estimated useful economic lives of the assets which they relate.

Regional selective assistance grants are received for the safeguarding or creation of jobs. They are recognised in the Profit and Loss account on receipt.

Foreign Currencies

Purchases of stocks in foreign currencies are converted to Sterling at the rate ruling at the date of purchase. All other foreign currency transactions are converted to Sterling at the rate ruling at the date of the transaction and any gains or losses are taken to the profit and loss account when settlement is made.

Assets and liabilities denominated in foreign currencies at the year end are converted to Sterling at the rates ruling at the year end. The unrealised gains or losses arising from these conversions are dealt with in the profit and loss account.

Stocks

Stocks are valued at the lower of their weighted average cost or net realisable value. The value at 31 December 2020 is based on this net realisable value adjusted by purchases and losses during the period since based on weighted average costing principles.

In the case of finished goods, cost includes direct labour, direct expenses and a relevant proportion of production and other overheads.

Capital engineering spares purchased at the time of construction of a fixed asset are capitalised as part of the fixed asset and written off over the life of the related asset.

**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**1 ACCOUNTING POLICIES (continued)**

IFRS 9 Accounting Policy

Financial instruments

**(i) Recognition and initial measurement**

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

**(ii) Classification and subsequent measurement**

*Financial assets*

**(a) Classification**

On initial recognition, a financial asset is classified as measured at: amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

**(b) Subsequent measurement and gains and losses**

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

## **DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **1 ACCOUNTING POLICIES (continued)**

##### *Financial liabilities and equity*

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) 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
- (b) 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.

Financial liabilities are classified as measured at amortised cost. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

##### **(iii) Impairment**

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

## **DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **1 ACCOUNTING POLICIES (continued)**

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

#### *Credit-impaired financial assets*

At each reporting date, the company assesses whether financial assets carried at amortised cost and are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

#### *Write-offs*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

#### 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 temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.



**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****1 ACCOUNTING POLICIES (continued)**

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Pension Costs***Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Re-measurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The company's employees were covered by the DSM UK Pension Scheme (formerly the DSM Nutritional Products (UK) Limited Pension Scheme) which provides benefits based upon final pensionable pay on service to 31 December 2011. Benefits for service from 1 January 2012 to 30 September 2016 were based on a career average arrangement. The DSM UK Pension Scheme closed to new and existing employees on 30 September 2016. The rate at which the company contributed to the scheme is assessed in accordance with the advice of an independent qualified actuary and the costs of contributions are charged against profit on an accruals basis (Note 20).

## **DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **1 ACCOUNTING POLICIES (continued)**

##### *Defined contribution plans*

On 1 October 2016 employees were enrolled in a new defined contribution scheme. A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

##### Expenses

##### *Leased Assets*

At the inception of a contract, it is assessed whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### *As a lessee*

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**1 ACCOUNTING POLICIES (continued)**

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2 TURNOVER****(i) Disaggregation of revenue**

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition.

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Major products/service lines		
Sale of vitamin and fine chemicals	<b>201,214</b>	196,822
Sale of electricity generated	<b><u>3,302</u></b>	<b><u>1,857</u></b>
Total	<b>204,516</b>	198,679
Primary geographical markets	<b>£000</b>	<b>£000</b>
United Kingdom	<b>3,325</b>	1,857
Europe	<b><u>201,191</u></b>	<b><u>196,822</u></b>
Total	<b>204,516</b>	198,679
Timing of transfer of goods or services	<b>£000</b>	<b>£000</b>
Products and services transferred at a point in time	<b><u>204,516</u></b>	<b><u>198,679</u></b>
Total	<b>204,516</b>	198,679

**(ii) Contract balances**

The following table provides information about opening and closing receivables from contracts with customers.

		<b>31 December</b>	<b>1 January</b>
		<b>2020</b>	<b>2020</b>
		<b>£000</b>	<b>£000</b>
Trade debtors	12	<b>702</b>	70
Amounts due from other group undertakings	12	<b>21,775</b>	23,325

**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3 STAFF NUMBERS AND COSTS**

	2020 £000	2019 £000
Wages and salaries	20,239	19,872
Social security costs	2,477	2,352
Pension contributions		
– Defined Contribution Scheme	2,213	2,139
– Defined Benefit Scheme – Past Service cost	100	-
	<u>25,029</u>	<u>24,363</u>

The average number of employees (including directors) during the year was as follows:

	Number	Number
Production	298	295
Sales, marketing & administration	<u>118</u>	<u>125</u>
	<u>416</u>	<u>420</u>

**4 DIRECTORS' REMUNERATION**

	2020 £000	2019 £000
Aggregate directors' remuneration	<u>219</u>	<u>509</u>
Emoluments of highest paid director	<u>219</u>	<u>509</u>
Defined benefit pension scheme:		
Accrued pension at 31 December for the highest paid director	<u>55</u>	<u>55</u>

Retirement benefits accrued to one (2019: one) director under a defined contribution scheme.

Share options in the group's parent company, Royal DSM N.V. are accruing to one (2019: one) director. During the year there were 284 share options granted under a long term incentive program. The options have a minimum vesting period of three years. During 2020 the director exercised 847 share options (2019: 7,500).

**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****5 EXPENSES AND AUDITOR'S REMUNERATION**

	<b>2020</b>	2019
	<b>£000</b>	£000
<i>Included in profit/loss are the following:</i>		
Depreciation on owned assets	<b>13,100</b>	10,974
Net exchange loss/(gain)	<b>(70)</b>	(27)
Operating lease rentals:		
- plant and equipment	<b>67</b>	66
Grant Income	<b>(1,393)</b>	(2,513)
 <i>Auditor's remuneration</i>		
Audit of these financial statements	<u><b>31</b></u>	<u><b>31</b></u>

Grant income includes Research and Development income of £610,860 which was recognised during the year. The remaining grant income relates to grants awarded to support environmental projects involving the protection and safeguarding of jobs, and training grants.

**6 INTEREST PAYABLE**

	<b>2020</b>	2019
	<b>£000</b>	£000
Interest payable to group company	<u><b>1,646</b></u>	<u><b>2,260</b></u>

**7 INTEREST RECEIVABLE**

	<b>2020</b>	2019
	<b>£000</b>	£000
Interest receivable from group company	<u><b>3</b></u>	<u><b>6</b></u>

**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8 TAXATION****a) Recognised in profit and loss account**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<i>UK Corporation tax</i>		
Current tax on income for period	-	139
Adjustments in respect of prior periods	<u>207</u>	<u>(463)</u>
Total current tax	<u>207</u>	<u>(324)</u>
<i>Deferred tax (note 16)</i>		
Origination and reversal of temporary differences	522	(4)
Change in tax rate	515	(14)
Adjustment in respect of prior year	<u>26</u>	<u>(118)</u>
Total deferred tax	<u>1,063</u>	<u>(136)</u>
Tax charge/(credit) on profit	<u>1,270</u>	<u>(460)</u>

**b) Reconciliation of effective tax rate**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Profit for the year	1,143	705
Total tax (credit)/ expense	<u>1,270</u>	<u>(460)</u>
Profit excluding taxation	<u>2,413</u>	<u>245</u>
Tax using the UK corporation tax rate of 19.00% (2019: 19.00%)	458	46
Change in tax rate on deferred tax balances	515	(14)
Non-deductible expenses	243	247
Recognition of previously unrecognised tax gains/(losses)	-	(23)
R&D Expenditure deductions	(116)	-
Non-Taxable income	(63)	(135)
Adjustment in respect of prior years	<u>233</u>	<u>(581)</u>
Total tax (credit)/ expense	<u>1,270</u>	<u>(460)</u>

The main UK corporation tax rate reduced from 20% to the current rate of 19% on 1 April 2017. In his Budget speech on 11 March 2020, the Chancellor announced the cancellation of the planned reduction in the main UK corporation tax rate to 17% that had previously been enacted, therefore UK deferred tax assets and liabilities have been remeasured at 19% for the current year. In the 3 March 2021 Budget speech, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Company's future tax charge.

**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

When this is enacted, the deferred tax will be revalued at 25% and the overall impact would be about £1,312,000

**9 TANGIBLE FIXED ASSETS**

	<u>Freehold land and buildings</u> £000	<u>Plant and machinery</u> £000	<u>Assets in the course of construction</u> £000	<u>Right of use assets</u> £000	<u>Total</u> £000
<b>Cost</b>					
At 1 January 2020	78,205	451,566	28,073	314	558,158
Additions	-	-	15,597	38	15,635
Transfers	2,622	24,400	(27,022)	-	-
Remeasurement	-	-	-	(29)	(29)
Disposals	-	-	-	(59)	(59)
<b>At 31 December 2020</b>	<b><u>80,827</u></b>	<b><u>475,966</u></b>	<b><u>16,648</u></b>	<b><u>264</u></b>	<b><u>573,705</u></b>
<b>Depreciation and impairment</b>					
At January 2020	65,317	379,252	-	85	444,654
Depreciation charge for the period	1,309	11,791	-	89	13,189
Impairment	-	-	-	-	-
Disposals	-	-	-	(59)	(59)
<b>At 31 December 2020</b>	<b><u>66,626</u></b>	<b><u>391,043</u></b>	<b><u>-</u></b>	<b><u>115</u></b>	<b><u>457,784</u></b>
<b>Net book value</b>					
<b>At 31 December 2020</b>	<b><u>14,201</u></b>	<b><u>84,923</u></b>	<b><u>16,648</u></b>	<b><u>149</u></b>	<b><u>115,921</u></b>
At 31 December 2019	<u>12,888</u>	<u>72,314</u>	<u>28,073</u>	<u>229</u>	<u>113,504</u>



**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****10 LEASES**

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Costs recognised in relation to the Lease agreements are the following:

- During the year, the company had paid interest for the Lease agreement amounting to £9,354 (2019: £11,028).
- During the year, the company had incurred depreciation costs for the lease assets of £88,664 (2019: £84,998).

During the year, the company was contracted to Lease agreements for the use vehicles amounting to £152,000 (2019: £245,000).

The following table sets out a maturity analysis of lease payments to be made, showing the undiscounted lease payments to be made after the reporting date:

<b>2020 – Lease commitments under IFRS 16</b>	<b>£000</b>
Less than one year	76
Between one and two years	51
Between two and three years	22
Between three and four years	3
Between four and five years	-
More than five years	-
	<u>152</u>
 <b>2019 – Lease commitments under IFRS 16</b>	 <b>£000</b>
Less than one year	93
Between one and two years	80
Between two and three years	50
Between three and four years	22
Between four and five years	22
More than five years	-
	<u>245</u>

**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****11 STOCKS**

	2020	2019
	£000	£000
Raw and packaging materials	12,906	9,696
Engineering spares	5,717	5,573
Finished goods	<u>13,531</u>	<u>16,070</u>
	<u>32,154</u>	<u>31,339</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £134,034,578 (2019: £129,671,002). The write-down of stocks to net realisable value amounted to £222,504 (2019: £12,185). The reversal of write-downs amounted to nil (2019 : Nil). The write-down and reversal are included in cost of sales.

**12 DEBTORS**

	2020	2019
	£000	£000
Trade debtors	702	70
Amounts due from other group undertakings	21,775	23,325
Corporation Tax	1,595	1,205
Other debtors and prepayments	<u>4,090</u>	<u>5,522</u>
	<u>28,162</u>	<u>30,122</u>

**13 CREDITORS (Amounts falling due within one year)**

	2020	2019
	£000	£000
Trade creditors	22,551	23,150
Amounts due to group undertakings	19,693	24,879
Social security and other taxation	737	808
Government grants	76	-
Accruals	10,086	4,302
Lease liabilities – Short term portion	<u>76</u>	<u>93</u>
	<u>53,219</u>	<u>53,232</u>

**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****14 GROUP LOANS**

	<b>2020</b>	2019
	<b>£000</b>	£000
Loans from group undertakings	<u><b>49,000</b></u>	<u><b>49,000</b></u>

On June 4 2018 the Company received a loan of £49,000,000 from DSM Finance B.V., a fellow group subsidiary. The loan is a long term loan repayable in full on 4 June 2023. The loan bears interest based on LIBOR plus a margin of 0.297% payable every six months in arrears.

**15 CREDITORS (falling due after more than one year)**

	<b>2020</b>	2019
	<b>£000</b>	£000
Government grants	<b>711</b>	788
Group loans (note 14)	<b>49,000</b>	49,000
Preference shares (note 17)	<b>25,000</b>	25,000
Lease liabilities – Long term portion	<u><b>76</b></u>	<u>136</u>
	<u><b>74,787</b></u>	<u><b>74,924</b></u>

**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****16 DEFERRED TAXATION**

Deferred tax assets and liabilities are attributable to the following:

	<b>Assets</b>		<b>Liabilities</b>		<b>Net</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Tangible fixed assets	-	-	(5,771)	(5,106)	(5,771)	(5,106)
Employee benefits	334	432	-	-	334	432
Accrued pension	-	65	-	-	-	65
Defined benefit -OCI	1,260	-	-	(516)	1,260	(516)
Bonus Adjustment	21	-	-	-	21	-
RDEC	-	256	-	-	-	256
Net tax liabilities	<u>1,615</u>	<u>753</u>	<u>(5,771)</u>	<u>(5,622)</u>	<u>(4,156)</u>	<u>(4,869)</u>

<i>Movement in deferred tax during the year</i>	<b>1 January 2020</b>	<b>Prior Year Adjustment</b>	<b>Recognised in income</b>	<b>Recognised in OCI</b>	<b>31 December 2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Tangible fixed assets	5,106	(230)	895	-	5,771
Employee benefits	(432)	-	98	-	(334)
Provisions	-	-	(21)	-	(21)
Accrued pension	(65)	-	65	-	-
RDEC	(256)	256	-	-	-
Defined benefit -OCI	516	-	-	(1,776)	(1,260)
Net tax liabilities	<u>4,869</u>	<u>27</u>	<u>1,037</u>	<u>(1,776)</u>	<u>4,156</u>

<i>Movement in deferred tax during the prior year</i>	<b>1 January 2019</b>	<b>Prior Year Adjustment</b>	<b>Recognised in income</b>	<b>Recognised in OCI</b>	<b>31 December 2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Tangible fixed assets	5,257	-	(151)	-	5,106
Employee benefits	(559)	-	127	-	(432)
Provisions	(208)	125	83	-	-
Accrued pension	-	(125)	60	-	(65)
RDEC	-	(119)	(137)	-	(256)
Defined benefit - OCI	-	-	-	516	516
Net tax liabilities	<u>4,490</u>	<u>(119)</u>	<u>(18)</u>	<u>516</u>	<u>4,869</u>

**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****17 SHARES CLASSED AS DEBT**

	<u>Authorised</u>		<u>Issued and fully paid</u>	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£000</b>	£000	<b>£000</b>	£000
Non-equity share capital:				
Redeemable Preference Shares at £1 per share	<b><u>25,000</u></b>	<b><u>25,000</u></b>	<b><u>25,000</u></b>	<b><u>25,000</u></b>

The redeemable preference shares shall be redeemed at the face value of the shares, at such time as decided by the company or shareholder and such shares shall be redeemed out of distributable profits or the proceeds of a fresh issue of shares. The preference shares do not carry voting rights but do receive a non-cumulative 6% dividend in priority to ordinary shareholders in years when a dividend is declared. The preference shares take priority in the event of the company winding-up.

**18 CALLED UP SHARE CAPITAL**

	<b>2020</b>	2019
	<b>£000</b>	£000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<b><u>44,651</u></b>	<b><u>44,651</u></b>

**19 COMMITMENTS**

	<b>2020</b>	2019
	<b>£000</b>	£000
<u>Capital Expenditure</u>		
Contracted but not provided for	<b><u>2,375</u></b>	<b><u>1,463</u></b>

## **DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **20 PENSION COMMITMENTS**

The Company established the DSM Nutritional Products (UK) Limited Pension Scheme ("the Scheme") with effect from 1 August 2004 to provide retirement benefits to all eligible employees.

Since the Scheme's commencement date the following events have taken place:

- On 1 June 2005 eight employees of DSM Food Specialties UK Limited transferred into the Scheme from the British Fermentation Products Retirement Benefit Scheme.
- On 6 April 2006 the APC Retirement Benefit Scheme and the Freeman Chemicals Retirement Benefit Plan merged into the Scheme, and the Scheme was re-named the DSM UK Pension Scheme.
- On 30 September 2012, a participating employer, Composite Resins, ceased to participate in the Scheme. The remaining members in the Composite Resins section were transferred to the DNP section and a Scheme Apportionment Arrangement was put in place.
- On 31 March 2015, a participating employer, Euroresins (sponsoring employer in respect of the remaining liabilities transferred from the former Freeman Chemicals Retirement Benefit Plan), ceased to participate in the Scheme. The remaining members in the Euroresins section were transferred to the DNP Section and a Scheme Apportionment Arrangement was put in place.
- On 23 August 2016, following employee consultation, the Company made the decision to close the defined benefit scheme to all current and future employees. This decision was reached due to the increasing cost of pension contributions, the size of the pension deficit and to ensure the sustainability of the business. The scheme therefore closed to all existing members on 30<sup>th</sup> September 2016.
- On 20 December 2018, the participating employers DSM United Kingdom Limited ("DSM UK") and DSM Food Specialties Limited ("DFS UK") ceased to participate in the Scheme. The remaining members of these sections were transferred into the DNP Section and a Flexible Apportionment Arrangement was put in place. The liabilities and assets in respect of these transferring member have been included in the disclosures for the DNP Section. Following this transfer, DNP is now the sole employer for the DSM UK Pension Scheme.

The Scheme has rules which specify the defined benefits to be paid and is financed accordingly with assets being held in independently administered funds. The Scheme is contracted-out of the State Second Pension (S2P) on a Reference Scheme Test basis.

**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

(Registered number 4031360)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****20 PENSION COMMITMENTS (CONTINUED)**

A full actuarial (funding) valuation of the Scheme is carried out every three years and the latest full valuation was completed as at 31 December 2018, based on complete membership data at this date. The 2018 valuation revealed a funding shortfall of £10 million as at 31 December 2018. Following the results of this valuation, the Company agreed to contribute:

- A one off payment of £1,000,000 in January 2019; plus
- Regular payments of £72,167 per month from 1 January 2019 until 31 May 2026 the funding shortfall.

As part of the agreement reached between the Trustee and the Company in relation to the reapportionment conducted in 2018, the Company paid an accelerated contribution of £1,000,000 in respect of future deficit contributions that would otherwise have been due in respect of DSM United Kingdom Limited and DSM Food Specialties UK Limited. Whilst this payment was made on 4 January 2019, it was agreed that this amount would be included in the disclosed assets as at 31 December 2018 for accounting purposes and therefore is not included in the deficit contributions over 2019.

In addition, the Trustee and Company agreed that the setup costs of £100,000 in respect of the proposed Bulk RTO exercise would be offset against the deficit reduction contributions due under the Schedule of Contributions. The first reduction of £52,500 was made in December 2018 and was reflected in the employer contributions over 2018. A further reduction of £41,333 was made in January 2019, therefore we have also reduced the employer contributions over 2019 for this. The Company's contributions to the Scheme during the accounting period were £866k (2019: £825k).

The next full actuarial valuation of the Scheme is due as at 31 December 2021.

**Mortality Assumptions**

Mortality The assumed mortality rates of the Scheme's members are assumed to follow the SAPS S3 tables based on each individual's calendar year of birth, with 10% uplift to underlying rates, and allowance for future improvements based on CMI 2019 projections with a long term improvement trend of 1.25% pa.

The mortality assumption has been updated from the 31 December 2019 assumption to allow for the latest CMI future improvements model, in line with previous practice.

The expected future lifetime of a participant who is age 65 and another participant, who will be aged 65 in 15 years are shown in years below based on the above mortality tables

Age	Males	Females
65	21.2	23.5
65 in 15 years	22.1	24.6

**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****20 PENSION COMMITMENTS (CONTINUED)****Plan Asset Information**

	Target Allocation Range	Allocation Percentage At 31 December 2020	Allocation Percentage At 31 December 2019
Equities	31.5%	19.4%	21.4%
Real Estate/Property	14.0%	18.9%	23.3%
Debt Securities	17.5%	15.8%	15.4%
LDI Pooled funds	36.5%	40.7%	38.4%
Other	0.5%	5.2%	1.5%
Total	100%	100%	100%
Fair value of plan assets £'000.		229,772	210,326

**Recognition of Gains or Losses**

As required by FRS 101, re-measurement effects arising from unexpected changes in the net defined benefit liability/ (asset) are recognized in Other Comprehensive Income (OCI).

**Past Service Cost/(Credit)**

In accordance with FRS 101, past service costs are recognized immediately in defined benefit cost.

**Cost Method**

In assessing the pension cost for 2020, calculations are based on the Scheme's liability at the start of the year using actuarial assumptions appropriate at the start of the year, as required by FRS 101.



**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****20 PENSION COMMITMENTS (CONTINUED)**

	<b>Defined benefit obligation</b>		<b>Fair value of plan assets</b>		<b>Net defined benefit (liability)/asset</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 1 January	<b>209,839</b>	<b>187,134</b>	<b>210,326</b>	<b>183,844</b>	<b>487</b>	<b>(3,290)</b>
<b>Included in profit or loss</b>						
Current service cost	-	-	-	-	-	-
Past service cost and gains and losses arising from settlement	100	-	-	-	(100)	-
Interest income/(cost)	<b>3,949</b>	<b>5,005</b>	<b>3,967</b>	<b>4,927</b>	<b>18</b>	<b>(78)</b>
Payments in respect of settlements/pension scheme assumed on acquisition/transferred on disposal	-	-	-	-	-	-
<b>Included in OCI</b>						
Remeasurements (loss)/gain:						
Actuarial (loss)/gain arising from						
Changes in demographic assumptions	<b>4,955</b>	<b>(1,705)</b>	-	-	<b>(4,955)</b>	<b>1,705</b>
Change in financial assumptions	<b>28,156</b>	<b>27,902</b>	-	-	<b>(28,156)</b>	<b>(27,902)</b>
Experience adjustment	<b>(1,944)</b>	<b>(2,630)</b>	-	-	<b>1,944</b>	<b>2,630</b>
Return on plan assets excluding interest income	-	-	<b>21,502</b>	<b>26,597</b>	<b>21,502</b>	<b>26,597</b>
<b>Other</b>						
Contributions paid by the employer	-	-	<b>866</b>	<b>825</b>	<b>866</b>	<b>825</b>
Benefits paid	<b>(6,889)</b>	<b>(5,867)</b>	<b>(6,889)</b>	<b>(5,867)</b>	-	-
<b>Balance at 31 December</b>	<b><u>(238,166)</u></b>	<b><u>(209,839)</u></b>	<b><u>229,772</u></b>	<b><u>210,326</u></b>	<b><u>(8,394)</u></b>	<b><u>487</u></b>

**DSM NUTRITIONAL PRODUCTS (UK) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****20 PENSION COMMITMENTS (CONTINUED)****Net Balance Sheet Position**

<b>Development of net balance sheet position</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Defined benefit obligation	<b>(238,166)</b>	<b>(209,839)</b>
Fair value of assets	<b><u>229,772</u></b>	<b><u>210,326</u></b>
Net defined benefit asset/(liability)	<b><u>(8,394)</u></b>	<b><u>487</u></b>

<b>Assumptions and dates used for measurements</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>%</b>	<b>%</b>
Rate of salary increase	<b>N/A</b>	<b>N/A</b>
Pension increases for in-payment benefits	<b>2.80</b>	<b>2.85</b>
Pension increases for deferred benefits	<b>2.50</b>	<b>2.25</b>
Discount rate for Plan Liabilities	<b>1.30</b>	<b>1.90</b>
Discount rate for Service Cost	<b>N/A</b>	<b>N/A</b>
Price inflation (RPI)	<b>2.90</b>	<b>2.95</b>
Price inflation (CPI)	<b>2.50</b>	<b>2.25</b>
Plan participant census date	<b>31 Dec 2018</b>	<b>31 Dec 2018</b>

**Defined contribution plans**

The Company commenced operation of a defined contribution pension plan on 1<sup>st</sup> October 2016. The total expense relating to this plan in the current year was £2,213,000 (2019: £2,139,000)

**21 ULTIMATE PARENT COMPANY**

The company's immediate parent undertaking is DSM Nutritional Products AG, incorporated in Switzerland.

The ultimate parent undertaking and controlling party is Royal DSM N.V., incorporated in The Netherlands.

The smallest and largest parent undertaking for which group accounts are prepared is Royal DSM N.V. of The Netherlands and these accounts are obtainable from the Company Secretary, DSM Nutritional Products (UK) Limited, Delves Road, Heanor Gate, Heanor, Derbyshire, DE75 7SG.

The parent company of both the largest and smallest group in which DSM Nutritional Products (UK) Limited is included is Royal DSM N.V.