
GEO SPECIALTY CHEMICALS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



GEO SPECIALTY CHEMICALS UK LIMITED

COMPANY INFORMATION

DIRECTORS

Nicholas Liptrot
Robert Nobile
Jeremy Steinfink

REGISTERED NUMBER

07650493

REGISTERED OFFICE

One Glass Wharf
Bristol
BS2 0ZX

TRADING ADDRESS

Charleston Road
Hardley
Hythe
Southampton
SO45 3ZG

INDEPENDENT AUDITOR

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

BANKERS

Royal Bank of Scotland PLC
135 Bishopsgate
London
EC2M 3UR

GEO SPECIALTY CHEMICALS UK LIMITED

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GEO SPECIALTY CHEMICALS UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the Strategic Report of Geo Specialty Chemicals UK Limited for the year ended 31 December 2020.

BUSINESS REVIEW

The challenges posed by Covid and Brexit resulted in a fall in profits to €0.2m, a fall of €0.6m compared with 2019. Revenue fell by 9% to €79.3m (€87.1m 2019), and gross profit by 7% (to €8.6m, 2019 €9.2m).

The company maintained its production operations throughout the year, but with additional Covid protocols in place. No staff were furloughed, and no Government funding was required.

The impact of Covid on automotive OEM driven demand for our coating products was significant, and the impact continued into 2021 as supply chain issues continued to hamper the recovery in demand. Demand from this sector continues to be well below pre-Covid levels.

Brexit provided further challenges to the normal operation of our supply chains. Both import and export transaction costs have increased. The extra paperwork required post-Brexit led to increased congestion and delays at ports, although the impact reduced as the year progressed.

Our specialty business proved to be more resilient to the economic conditions, and increased product availability due to the successful commissioning of a new specialty chemical facility provided a welcome boost to revenue streams in this sector.

We continue to invest in research and development activities. As the result of our investment of 1.0% of sales in 2020 (€0.8m, 2019 €0.9m), a number of new products were introduced, along with improvements in our production processes.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company recognises there are significant risks and uncertainties existing in the future in both maintaining and building its existing global business as well as the new areas that will be entered into next year. The Company regularly reviews these risks and threats and continues to develop measures to reduce the effects of potential adverse events.

Over 70% of the Company's sales are made to mainland Europe, and over 80% of its raw material purchases come from mainland Europe during 2020.

As we report our results in Euros, we are exposed to currency movements, particularly in Sterling and US Dollar. The majority of our production and administration costs are in Sterling, and we aim to mitigate this exposure with a hedging strategy of forward foreign exchange contracts and natural currency hedges.

FINANCIAL KEY PERFORMANCE INDICATORS

The Company ends 2020 with another strong balance sheet where working capital levels are in line with expectations, due to maintenance of reasonable stock levels and efficient cash collection methods, including participation in customer vendor controlled programmes resulting in no bad or seriously overdue debts.

OTHER KEY PERFORMANCE INDICATORS

The Company continued its track record in operating safely and responsibly, and monitoring its commitment to protecting the health and safety of their employees, their customers, the public and the environment is a priority.

GEO SPECIALTY CHEMICALS UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

The directors of GEO Specialty Chemicals UK Ltd consider, both individually and together that they have acted in a way they consider in good faith, would be most likely to promote the success of the company (having regard and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2020.

(a) the likely consequences of any decision in the long term

The company prepares short and long-term plans that are reviewed by the board and stakeholders that in accordance with GEO's CORE values.

(b) the interests of the company's employees.

Our employees are fundamental to the delivery of our plans. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we do business.

(c) the need to foster the company's business relationships with suppliers, customers and others

We listen to our customers, suppliers and other stakeholders and strive to understand and meet their needs. We have longstanding partnerships with these stakeholders and an established record of continuing to meet their needs.

(d) the impact of the company's operations on the community and the environment

We are an upper tier COMAH (The Control of Major Accident Hazards) site and work closely with the Health, and Safety Executive and the Environmental Agency. The Health and Safety Executive is a UK Government agency responsible for the encouragement, regulation and enforcement of workplace health, safety and welfare, and for research into occupational risks in Great Britain. The Environment Agency is a non-departmental public body, sponsored by the United Kingdom government's Department for Environment, Food and Rural Affairs, with responsibilities relating to the protection and enhancement of the environment in England.

The GEO site is situated on the boundary of the New Forest and occupies some land of Special Scientific Interest. We take our responsibilities as a result of our location very seriously, engaging closely and proactively with the relevant regulatory and non-regulatory agencies, investing in safety and environment related capital expenditure as required.

GEO has undertaken many programs for energy efficiency improvements which reduce its carbon footprint and we continue to look for further improvements.

(e) the desirability of the company maintaining a reputation for high standards of business conduct

We behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours.

(f) the need to act fairly as between members of the company

Not applicable - the company has a single shareholder.

GEO SPECIALTY CHEMICALS UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

This report was approved by the board and signed on its behalf.



Nicholas Liptrot
Director

Date: 22 December 2021

GEO SPECIALTY CHEMICALS UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS

The loss for the year, after taxation, amounted to €110,419 (2019 - profit €690,968).

DIRECTORS

The directors who served during the year were:

Nicholas Liptrot
Robert Nobile
Jeremy Steinfink

FUTURE DEVELOPMENTS

The Company is looking forward to delivering extra capacity from its new CLLMF expansion in 2021 and implement further capital investment projects geared to producing further growth.

GEO SPECIALTY CHEMICALS UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION

The Company's greenhouse gas emissions and energy consumption are as follows:

	2020
Emissions resulting from activities for which the Company is responsible involving the combustion of gas or consumption of fuel for the purposes of transport (in tonnes of CO2 equivalent)	9,058
Emissions resulting from the purchase of the electricity by the Company for its own use, including the purposes of transport (in tonnes of CO2 equivalent)	7,278
Energy consumed from activities for which the Company is responsible involving the combustion of gas, or the consumption of fuel for the purposes of transport, and the annual quantity of energy consumed resulting from the purchase of electricity by the Company for its own use, including for the purposes of transport, in kWh	1

The source data is from meter readings and cross referenced to invoices (scope 1 and Scope 2), Scope 3 is based on diesel fuel consumption for company pool cars and is estimated. The conversion figures have been based on the same values used for the GEO Specialty Chemicals UK Ltd CCA submission.

The Company's total output for the year was 30,389 tonnes of chemicals, giving an intensity ratio of 0.5376 tonnes of CO2 equivalent per tonne of output.

DISCLOSURE OF INFORMATION TO AUDITOR

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

STRATEGIC REPORT

The company has chosen in accordance with s.414C (11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report.

GOING CONCERN

The Directors have, in assessing the preparation of the financial statements, considered a period of twelve months from the date of approval of the financial statements. The directors have carefully considered the impact of significant events such as COvid 19 and Brexit on the company's budget and projected cash flow for this period. Overall they have concluded that the company will have adequate resources and facilities to continue in the foreseeable future and for this reason, continue to adopt the going concern basis in preparing the financial statements.

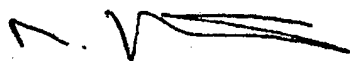
AUDITOR

Crowe U.K. LLP will be deemed to continue in office under s487(2) of the Companies Act 2006.

GEO SPECIALTY CHEMICALS UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

This report was approved by the board and signed on its behalf.



Nicholas Liptrot
Director

Date. 22 December 2021

GEO SPECIALTY CHEMICALS UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEO SPECIALTY CHEMICALS UK LIMITED

OPINION

We have audited the financial statements of GEO Specialty Chemicals UK Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

GEO SPECIALTY CHEMICALS UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEO SPECIALTY CHEMICALS UK LIMITED (CONTINUED)

OTHER INFORMATION

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

GEO SPECIALTY CHEMICALS UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEO SPECIALTY CHEMICALS UK LIMITED (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the procedures in place for ensuring compliance. Our work included direct enquiry of management who oversees all legal proceedings, reviewing Board minutes and inspection of correspondence.
- As part of our audit planning process we assessed the different areas of the financial statements, including disclosures, for the risk of material misstatement. This included considering the risk of fraud where direct enquiries were made of management and those charged with governance concerning both whether they had any knowledge of actual or suspected fraud and their assessment of the susceptibility of fraud. We considered the risk was greater in areas that involve significant management estimate or judgement. Based on this assessment we designed audit procedures to focus on the key areas of estimate or judgement, this included specific testing of journal transactions, both at the year end and throughout the year.
- We used data analytic techniques to identify any unusual transactions or unexpected relationships, including considering the risk of undisclosed related party transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

GEO SPECIALTY CHEMICALS UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GEO SPECIALTY CHEMICALS UK LIMITED
(CONTINUED)

M Stallabrass

Matthew Stallabrass (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

55 Ludgate Hill

London

EC4M 7JW

22 December 2021

GEO SPECIALTY CHEMICALS UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 €	2019 €
Turnover	4	79,337,390	87,102,867
Cost of sales		(70,726,583)	(77,897,707)
Gross profit		8,610,807	9,205,160
Administrative expenses		(7,250,965)	(7,582,298)
Other operating income	5	120,000	124,125
Fair value movements		(211,025)	207,489
Operating profit	6	1,268,817	1,954,476
Interest payable and similar expenses	10	(1,085,023)	(1,197,639)
Profit before tax		183,794	756,837
Tax on profit	11	(294,213)	(65,869)
(Loss)/profit for the financial year		(110,419)	690,968
Other comprehensive income for the year			
Total comprehensive income for the year		(110,419)	690,968

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

GEO SPECIALTY CHEMICALS UK LIMITED
REGISTERED NUMBER: 07650493

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 €	2019 €
Fixed assets			
Intangible assets		(454,137)	(1,161,837)
Tangible assets		37,565,040	37,178,289
		<u>37,110,903</u>	<u>36,016,452</u>
Current assets			
Stocks	15,098,790	15,014,047	
Debtors	19,091,453	13,536,680	
Cash at bank and in hand	3,253,163	3,215,513	
	<u>37,443,406</u>	<u>31,766,240</u>	
Creditors: amounts falling due within one year	(33,300,867)	(22,935,673)	
Net current assets		<u>4,142,539</u>	<u>8,830,567</u>
Total assets less current liabilities		<u>41,253,442</u>	<u>44,847,019</u>
Creditors: amounts falling due after more than one year		(5,520,340)	(9,394,431)
Provisions for liabilities			
Deferred tax	(2,258,779)	(1,867,846)	
		<u>(2,258,779)</u>	<u>(1,867,846)</u>
Net assets		<u><u>33,474,323</u></u>	<u><u>33,584,742</u></u>
Capital and reserves			
Called up share capital		8,301,625	8,301,625
Profit and loss account		25,172,698	25,283,117
		<u><u>33,474,323</u></u>	<u><u>33,584,742</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Nicholas Liptrot
Director

Date: 22 December 2021

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

GEO SPECIALTY CHEMICALS UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Profit and loss account	Total equity
	€	€	€
At 1 January 2019	8,301,625	24,592,149	32,893,774
Comprehensive income for the year			
Profit for the year	-	690,968	690,968
At 1 January 2020	8,301,625	25,283,117	33,584,742
Comprehensive income for the year			
Loss for the year	-	(110,419)	(110,419)
Total comprehensive income for the year	-	(110,419)	(110,419)
At 31 December 2020	8,301,625	25,172,698	33,474,323

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

GEO SPECIALTY CHEMICALS UK LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 €	2019 €
Cash flows from operating activities		
Profit for the financial year	(110,419)	690,968
Adjustments for:		
Amortisation of intangible assets	(707,700)	(707,700)
Depreciation of tangible assets	4,639,599	3,987,367
Loss on disposal of tangible assets	(902)	-
Interest paid	1,085,023	1,197,639
Taxation charge	294,213	65,869
(Increase)/decrease in stocks	(84,743)	4,046,718
(Increase)/decrease in debtors	(5,677,624)	2,534,071
Increase/(decrease) in creditors	247,867	(1,833,052)
Increase in amounts owed to groups	6,200,189	-
Net fair value losses/(gains) recognised in P&L	211,025	(207,489)
Corporation tax received/(paid)	51,596	(841,169)
Net cash generated from operating activities	6,148,124	8,933,222
Cash flows from investing activities		
Purchase of tangible fixed assets	(5,026,350)	(10,289,448)
Sale of tangible fixed assets	899	-
Net cash from investing activities	(5,025,451)	(10,289,448)
Cash flows from financing activities		
New loans from group companies	-	3,600,842
Interest paid	(1,085,023)	(1,197,639)
Net cash used in financing activities	(1,085,023)	2,403,203
Net increase in cash and cash equivalents	37,650	1,046,977
Cash and cash equivalents at beginning of year	3,215,513	2,168,536
Cash and cash equivalents at the end of year	3,253,163	3,215,513
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,253,163	3,215,513
	3,253,163	3,215,513

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

GEO SPECIALTY CHEMICALS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

The principal activity of Geo Specialty Chemicals UK Limited is that of a manufacturer and distributor of specialty chemical products.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

2.2 GOING CONCERN

The Directors have, in assessing the preparation of the financial statements, considered a period of twelve months from the date of approval of the financial statements. The directors have carefully considered the impact of significant events such as COVID-19 and Brexit on the company's budget and projected cash flow for this period. Overall they have concluded that the company will have adequate resources and facilities, through its own cash reserves along with support from other group companies, to continue in the foreseeable future and for this reason, continue to adopt the going concern basis in preparing the financial statements.

2.3 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is Euros.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost 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 resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

GEO SPECIALTY CHEMICALS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 PENSIONS

Defined contribution pension plan

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 in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

GEO SPECIALTY CHEMICALS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.7 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.8 INTANGIBLE ASSETS

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Negative goodwill	-	10 % straight line
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GEO SPECIALTY CHEMICALS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.9 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 10 - 40 years
Plant & machinery	- 3 - 12 years
Computer equipment	- 3 - 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES (CONTINUED)

2.14 FINANCIAL INSTRUMENTS

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

Preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

In particular, significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are the useful lives of tangible and intangible assets and provisions against stock and trade debtors.

GEO SPECIALTY CHEMICALS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. TURNOVER

The whole of the turnover is attributable to the company's principal activities.

Analysis of turnover by destination:

	2020 €	2019 €
Rest of Europe	61,139,127	67,254,066
Rest of the world	18,198,263	19,848,801
	<u>79,337,390</u>	<u>87,102,867</u>

5. OTHER OPERATING INCOME

	2020 €	2019 €
Other operating income	120,000	124,125
	<u>120,000</u>	<u>124,125</u>

6. OPERATING PROFIT

The operating profit is stated after charging:

	2020 €	2019 €
Exchange differences	84,149	(5,047)
Other operating lease rentals	716,883	710,536
	<u>716,883</u>	<u>710,536</u>

7. AUDITOR'S REMUNERATION

Fees payable to the Company's auditor and its associates in respect of:

All other services	8,088	44,319
	<u>8,088</u>	<u>44,319</u>

GEO SPECIALTY CHEMICALS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2020 €	2019 €
Wages and salaries	9,829,658	9,560,397
Social security costs	945,616	1,046,264
Cost of defined contribution scheme	564,341	684,125
	<u>11,339,615</u>	<u>11,290,786</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Operations	114	125
Administration	43	47
	<u>157</u>	<u>172</u>

9. DIRECTORS' REMUNERATION

	2020 €	2019 €
Directors' emoluments	227,986	531,700
Company contributions to defined contribution pension schemes	16,424	18,668
	<u>244,410</u>	<u>550,368</u>

During the year retirement benefits were accruing to 1 director (2019 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of €227,986 (2019 - €531,700).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to €16,424 (2019 - €18,668).

GEO SPECIALTY CHEMICALS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 €	2019 €
Loans from group undertakings	1,085,023	1,197,639
	<u>1,085,023</u>	<u>1,197,639</u>

11. TAXATION

	2020 €	2019 €
Corporation tax		
Current tax on profits for the year	70,763	18,441
Adjustments in respect of previous periods	(167,483)	21,141
	<u>(96,720)</u>	<u>39,582</u>
Total current tax	<u>(96,720)</u>	<u>39,582</u>
Deferred tax		
Origination and reversal of timing differences	8,592	151,390
Adjustment in respect of previous periods	143,538	(17,877)
Effect of changes in tax rates	238,803	(107,226)
Total deferred tax	<u>390,933</u>	<u>26,287</u>
Taxation on profit on ordinary activities	<u>294,213</u>	<u>65,869</u>

GEO SPECIALTY CHEMICALS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as (2019 - *the same as*) the standard rate of corporation tax in the UK of 19% (2019 - 19%) as set out below:

	2020 €	2019 €
Profit on ordinary activities before tax	183,794	756,837
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	34,921	143,799
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	135,426	160,495
Adjustments to tax charge in respect of prior periods	(23,945)	(86,085)
Foreign exchange differences	43,471	-
Non-taxable income	(134,463)	(134,463)
Tax rate changes	238,803	(17,877)
Total tax charge for the year	294,213	65,869

GEO SPECIALTY CHEMICALS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. INTANGIBLE ASSETS

	Trademarks €	Negative goodwill €	Total €
Cost			
At 1 January 2020	20,463	(7,077,000)	(7,056,537)
At 31 December 2020	<u>20,463</u>	<u>(7,077,000)</u>	<u>(7,056,537)</u>
At 1 January 2020	-	(5,894,700)	(5,894,700)
Charge for the year on owned assets	-	(707,700)	(707,700)
At 31 December 2020	<u>-</u>	<u>(6,602,400)</u>	<u>(6,602,400)</u>
Net book value			
At 31 December 2020	<u>20,463</u>	<u>(474,600)</u>	<u>(454,137)</u>
At 31 December 2019	<u>20,463</u>	<u>(1,182,300)</u>	<u>(1,161,837)</u>

GEO SPECIALTY CHEMICALS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. TANGIBLE FIXED ASSETS

	Freehold property €	Plant & machinery €	Computer equipment €	Total €
Cost or valuation				
At 1 January 2020	12,557,280	51,373,513	1,768,459	65,699,252
Additions	-	4,780,508	245,842	5,026,350
Transfers between classes	1,698,140	(1,698,140)	-	-
At 31 December 2020	<u>14,255,420</u>	<u>54,455,881</u>	<u>2,014,301</u>	<u>70,725,602</u>
Depreciation				
At 1 January 2020	5,614,071	21,209,037	1,697,855	28,520,963
Charge for the year on owned assets	791,556	3,780,248	67,795	4,639,599
At 31 December 2020	<u>6,405,627</u>	<u>24,989,285</u>	<u>1,765,650</u>	<u>33,160,562</u>
Net book value				
At 31 December 2020	<u>7,849,793</u>	<u>29,466,596</u>	<u>248,651</u>	<u>37,565,040</u>
At 31 December 2019	<u>6,943,209</u>	<u>30,164,476</u>	<u>70,604</u>	<u>37,178,289</u>

The land and buildings at the Hythe site have been given as security as part of group external financing.

14. STOCKS

	2020 €	2019 €
Raw materials and consumables	7,566,225	6,175,832
Work in progress (goods to be sold)	4,638,030	5,090,578
Finished goods and goods for resale	2,894,535	3,747,637
	<u>15,098,790</u>	<u>15,014,047</u>

GEO SPECIALTY CHEMICALS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. DEBTORS

	2020 €	2019 €
Trade debtors	15,889,169	10,483,828
Other debtors	2,589,993	2,212,770
Prepayments and accrued income	612,291	672,105
Financial instruments	-	167,977
	<u>19,091,453</u>	<u>13,536,680</u>

16. CASH AND CASH EQUIVALENTS

	2020 €	2019 €
Cash at bank and in hand	3,253,163	3,215,513
	<u>3,253,163</u>	<u>3,215,513</u>

17. CREDITORS: Amounts falling due within one year

	2020 €	2019 €
Trade creditors	9,386,513	8,521,698
Amounts owed to group undertakings	21,808,525	11,734,244
Other taxation and social security	314,704	311,802
Other creditors	356	356
Accruals and deferred income	1,747,721	2,367,573
Financial instruments	43,048	-
	<u>33,300,867</u>	<u>22,935,673</u>

18. CREDITORS: Amounts falling due after more than one year

	2020 €	2019 €
Amounts owed to group undertakings	5,520,340	9,394,431
	<u>5,520,340</u>	<u>9,394,431</u>

GEO SPECIALTY CHEMICALS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

19. FINANCIAL INSTRUMENTS

	2020 €	2019 €
Financial assets		
Financial assets measured at fair value through profit or loss	3,253,163	3,383,490
Financial assets that are debt instruments measured at amortised cost	<u>15,898,546</u>	<u>10,491,168</u>
	<u>19,151,709</u>	<u>13,874,658</u>
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	(43,048)	-
Financial liabilities measured at amortised cost	<u>(38,461,949)</u>	<u>(32,016,795)</u>
	<u>(38,504,997)</u>	<u>(32,016,795)</u>

Financial assets at amortised cost comprise of trade debtors and other debtors.

Derivative financial instruments measured at fair value through profit or loss comprise of forward exchange contracts.

Financial liabilities measured at amortised cost comprise of amounts due to ultimate parent undertaking, trade and other creditors.

GEO SPECIALTY CHEMICALS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

20. DEFERRED TAXATION

	2020 €
At beginning of year	(1,867,846)
Charged to the profit or loss	(247,395)
Adjustment in respect of prior years	(143,538)
At end of year	(2,258,779)

The provision for deferred taxation is made up as follows:

	2020 €	2019 €
Fixed asset timing differences	(2,405,633)	(2,014,708)
Tax losses carried forward	114,949	143,887
Short term timing differences	(13,829)	(15,466)
R&D expenditure credit	45,734	18,441
	(2,258,779)	(1,867,846)

21. SHARE CAPITAL

	2020 €	2019 €
Allotted, called up and fully paid		
7,282,127 (2019 - 7,282,127) Ordinary shares of €1.14 each	8,301,625	8,301,625

22. CAPITAL COMMITMENTS

At 31 December 2020 the Company had capital commitments as follows:

23. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

GEO SPECIALTY CHEMICALS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

24. RELATED PARTY TRANSACTIONS

During the year, the Company made sales of €10,232,825 (2019: €11,956,510) to its parent company Geo Specialty Chemicals Inc. The Company also borrowed net cash from the parent company of €16,433,014 to support working capital and capital projects (2019: €15,557,352). The interest on the loan paid to Geo Specialty Chemicals Inc. during the year was €1,085,023 (2019: €1,197,639).

The balance at year end due to the parent company is €27,328,864 (2019: €21,128,675)

25. CONTROLLING PARTY

The immediate parent undertaking is Geo Specialty Chemicals Inc.

The company's ultimate parent undertaking and smallest and largest group to consolidate these financial statements is CPS Performance Materials Corp. CPS Performance Materials Corp is a company incorporated in the USA with a registered address of 100 West Main Street, Bound Brook, NJ, 08805. CPS Performance Materials Corp does not prepare publicly available financial statements.

The ultimate controlling party is CPS Performance Materials Corp and Arsenal Capital Partners LP.