

Registered number: 08270855

ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

COMPANY INFORMATION

Directors	C E Davage J Flynn T J McCulley C Murphy A Johnson (appointed 1 August 2023)
Company secretary	Anglo American Corporate Secretary Limited
Registered number	08270855
Registered office	17 Charterhouse Street London United Kingdom EC1N 6RA
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 29 Wellington Street Leeds United Kingdom LS1 4DL

ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

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ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors present their report and the audited financial statements for the year ended 31 December 2023.

The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to small companies' exemption. Furthermore, a strategic report as required by section 414 of the Companies Act 2006 is not presented under the small companies' exemption.

Principal activities

The principal activity of Anglo American Woodsmith (Teeside) Limited (the "Company") is to evaluate and develop its polyhalite project ("the Project") in North Yorkshire, a mine and the associated processing and port infrastructure development as part of the Anglo American Crop Nutrients Limited group (the "Group").

Results

The loss for the year, after taxation, amounted to \$18,000 (2022: loss of \$18,053,000). The net liabilities of the Company at 31 December 2023 were \$1,198,000 (2022: \$1,180,000).

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

C E Davage
J Flynn
T J McCulley
C Murphy
A Johnson (appointed on 1 August 2023)

The Company Secretary who served the Company during the year and up to the date of signing the financial statements was Anglo American Corporate Secretary Limited.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are those of the wider Anglo American Crop Nutrients Limited Group being the long term viability which is significantly dependent upon the successful outcome of construction of the Project. The Company and wider Group do not expect to generate any revenue from production for a number of years and ongoing solvency is dependent upon the outcome of construction which itself is reliant on the success of future fundraising. For further details refer to the Going Concern section below.

ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Future developments

The Company expects to increase the scale of its activities in the coming year as a result of the progression of the construction phase of the Project. This is expected to lead to increased losses in the coming years before commercial ore sales begin once construction work is completed.

Qualifying third party indemnity insurance

Directors' and officers' insurance is maintained at an appropriate level in respect of legal action against the Directors. These arrangements were in place throughout the year and up to the date of approval of the financial statements.

Financial risk management

As the Company is dependent of funding from its intermediate parent undertaking, it is intrinsically linked and exposed to the financial risks of the wider Anglo American Crop Nutrients Limited Group. The Company's intermediate parent undertaking, Anglo American Crop Nutrients Limited, has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company. This is disclosed within Anglo American Crop Nutrients Limited annual report and financial statements for the year ended 31 December 2023.

Going concern

These financial statements have been prepared on a going concern basis. The Company continues to incur significant cash outflows due to the development activity that it is undertaking of its polyhalite project in North Yorkshire (the Project). At the year end, the Company had net liabilities of \$1,198,000.

The Company does not currently anticipate generating any positive net cash flows from the project for a number of years. All cash outflows are paid through the Company but ultimately funded through an intercompany financing agreement with the wider Anglo American plc group. Therefore, the Company's ability to continue as a going concern for the time being is dependent upon it continuing to receive funding from the wider Anglo American plc group. Anglo American plc ("AA plc") has publicly announced its intention to continue the development of the Project and accordingly is expected to make funds available to the Company to carry on the Project's development for the foreseeable future and to meet its debts as they fall due.

The Directors have received confirmation from AA plc that AA plc will provide adequate financial support to the Company to meet their obligations for a period of at least 12 months from the signing of the company's statutory financial statements for the year ended 31 December 2023.

Based on the above, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Directors' responsibilities statement

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

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

Under company law 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 the financial statements, the Directors are required to:

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

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as independent auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board on 28 March 2024 and signed on its behalf.



J Flynn
Director

ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Anglo American Woodsmith (Teesside) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2023; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

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

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

- discussions with management, including consideration of known or suspected instances of non compliance with laws and regulations and fraud;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
- evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- testing accounting estimates that we considered to be present a risk of material misstatement, including assessing the data, methods and assumptions applied by management in the development of each estimate; and
- reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGLO AMERICAN WOODSMITH
(TEESSIDE) LIMITED**

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Michael Whyte (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
28 March 2024

ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 \$000	2022 \$000
Operating costs		(25)	-
Impairment loss		-	(18,182)
Operating loss	3,5	(25)	(18,182)
Other income	4	7	129
Loss before tax		(18)	(18,053)
Tax expense	6	-	-
Loss for the year		(18)	(18,053)
Total comprehensive expense		(18)	(18,053)

The notes on pages 11 to 18 form part of these financial statements.

All activities are based upon continuing operations (2022: continuing operations).

ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED
REGISTERED NUMBER: 08270855

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023 \$000	2022 \$000
Assets			
Non-current assets			
Property, plant and equipment	7	11,417	8,645
		<u>11,417</u>	<u>8,645</u>
Current assets			
Other receivables	9	84	174
Cash and cash equivalents		93	37
		<u>177</u>	<u>211</u>
Total assets		<u>11,594</u>	<u>8,856</u>
Liabilities			
Non-current liabilities			
Trade and other liabilities	10	12,327	9,260
Lease liabilities	8	77	-
		<u>12,404</u>	<u>9,260</u>
Current liabilities			
Trade and other liabilities	10	364	776
Lease liabilities	8	24	-
		<u>12,792</u>	<u>10,036</u>
Total liabilities		<u>12,792</u>	<u>10,036</u>
Net liabilities		<u>(1,198)</u>	<u>(1,180)</u>
Issued capital and reserves			
Called up share capital		-	-
Capital contribution reserve		30,587	30,587
Accumulated losses		(31,785)	(31,767)
Total equity		<u>(1,198)</u>	<u>(1,180)</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 8 to 18 were approved and authorised for issue by the board of Directors on 28 March 2024 and were signed on its behalf by:



J Flynn
Director

ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Called up share capital \$000	Capital contribution reserve \$000	Accumulated losses \$000	Total equity \$000
At 1 January 2022	-	30,587	(13,714)	16,873
Loss for the year	-	-	(18,053)	(18,053)
Total loss for the year	-	-	(18,053)	(18,053)
At 31 December 2022	-	30,587	(31,767)	(1,180)
At 1 January 2023	-	30,587	(31,767)	(1,180)
Loss for the year	-	-	(18)	(18)
Total loss for the year	-	-	(18)	(18)
At 31 December 2023	-	30,587	(31,785)	(1,198)

The called up share capital account is used to record the nominal value on the issue of shares.

The capital contribution reserve is used to record the forgiveness of any of the Company's liabilities granted to it by the liability holder who is also the Company's immediate parent.

Accumulated losses is used to record the accumulated losses or retained earnings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. Accounting policies

1.1 Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 ("FRS 100") issued by the Financial Reporting Council. The Company has therefore elected to prepare these financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The Company is a private company, limited by shares, which is incorporated and domiciled in England. The address of its registered office is 17 Charterhouse Street, London, United Kingdom, EC1N 6RA.

The financial statements have also been prepared under the historical cost convention in US Dollars (rounded to the nearest thousand). The principal accounting policies set out below have been consistently applied to all periods presented.

1.2 Going concern

These financial statements have been prepared on a going concern basis. The Company continues to incur significant cash outflows due to the development activity that it is undertaking of the Project. At the year end, the Company had net liabilities of \$1,198,000.

The Company does not currently anticipate generating any positive net cash flows from the project for a number of years. All cash outflows are paid through the Company but ultimately funded through an intercompany financing agreement with the wider Anglo American plc group. Therefore, the Company's ability to continue as a going concern for the time being is dependent upon it continuing to receive funding from the wider Anglo American plc group. Anglo American plc has publicly announced its intention to continue the development of the Project and accordingly is expected to make funds available to the Company to carry on the Project's development for the foreseeable future and to meet its debts as they fall due.

The Directors have received confirmation from AA plc that AA plc will provide adequate financial support to the Company and the Group to meet their obligations for a period of at least 12 months from the signing of the Company's statutory financial statements for the year ended 31 December 2023.

Based on the above, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

1.3 International Financial Reporting Standards in "issue" but not yet effective

A number of new standards and amendments to standards and interpretations are effective for annual years beginning after 1 January 2024 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

- Amendments to IAS 1 *Presentation of financial statements: non-current liabilities with covenants*
- Amendments to IFRS 16 *Leases: Lease Liability in a Sale and Leaseback*
- Amendments to IAS 7 and IFRS 7, *Supplier finance-disclosure requirements*

ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. Accounting policies (continued)

1.4 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions which are available under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- The requirements of IAS 7 Statement of Cash Flows;
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures; and
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

1.5 Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and any recognised impairment losses. Assets are depreciated to their residual values at varying rates on a straight-line bases over their estimates useful lives. Cost includes all expenditure that is directly attributable to the acquisition or construction of these items and, for assets that take a substantial period of time to get ready for their intended use, include borrowing costs. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the income statement in the year in which they are incurred.

Land owned on a freehold basis is not depreciated by the Company, while land and buildings held as a right-of-use asset under a lease is depreciated on a straight-line basis over the lease term, commencing from when the right-of-use asset is first available for its intended use.

Capital works in progress include all spend directly attributable to the development of the Project, including buildings, civil works, equipment, labour, leasing costs, direct services and professional fees. These assets are not depreciated. At the point in time in the future when the Project commences production, all assets within this category will be transferred to appropriate separate asset classes and depreciation will commence from that point. These will be depreciated to their residual values using the unit of production method based on the ore reserves in the current Life of Asset Plan.

The plant and equipment category currently represents assets used for general administrative purposes and which are not directly involved in development of the Project, including the Group's head office leasehold improvements and IT hardware. Depreciation is provided on all assets within this category over the estimated useful lives of the assets, which are generally between three and five years. Land owned on a freehold basis is not depreciated by the Group, while land held as a right-of-use asset under a lease is depreciated on a straight-line basis over the lease term, commencing from when the right-of-use asset is first available for its intended use.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. Accounting policies (continued)

1.6 Other receivables

Other receivables are recognised at fair value and subsequently measured at amortised cost less provision for impairment. Provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the loan or receivable. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate.

1.7 Cash and cash equivalents

Cash and cash equivalents include various instant access deposits and short term fixed deposits.

1.8 Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

2. Accounting estimates and judgments

2.1 Critical accounting estimates and judgements

Critical accounting estimates or judgements are those made by the Company regarding the future or other key sources of estimation, uncertainty and judgement that may have a significant risk of giving rise to a material adjustment to the carrying values of assets and liabilities within the next financial period. The following such critical accounting estimates and judgments were made in the preparation of these financial statements.

Impairment of non-current assets

The Woodsmith polyhalite project is currently under construction and has recognised previous impairments of \$1.7 billion (2022) which remain eligible for potential impairment reversal. The valuation remains inherently sensitive to changes in economic and operational assumptions, in particular the forecast polyhalite price and discount rate. The Group has reassessed key input assumptions as at 31 December 2023. At this stage the Group believes the assumptions for these key inputs used in the valuation prepared at 31 December 2022 remain appropriate and hence no indicators of impairment or reversal have been identified.

In 2022 project team proposals, endorsed by the Board at the end of the year, indicated there would be changes to the configuration of the project that would incur higher future capital expenditure and result in a longer construction schedule with first product expected to be brought to market in 2027. These items were identified as an indicator of impairment and the carrying value of the related assets was assessed as at 31 December 2022. This resulted in an impairment of \$1.7 billion (\$1.7 billion after tax) to bring the carrying value into line with the recoverable amount of \$0.9 billion. The impairment was allocated primarily to property, plant and equipment.

The valuation was inherently sensitive to changes in economic and operational assumptions, with a particularly wide range of potential outcomes given the early stage of project development:

- The model used a long term forecast price for polyhalite of \$192/tonne (2023 real basis), which was calculated using a probabilistic average of a number of pricing methodologies (including a blend substitution approach) due to the immaturity of the existing polyhalite market and the pricing uncertainty that this brings. If prices had been increased or decreased by \$10/tonne throughout the model, the valuation would have changed by 45%.

ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting estimates and judgments (continued)

Impairment of non-current assets (continued)

- The model used a discount rate of 9.58%, which includes a development stage premium. If the discount rate had been reduced by 0.5 percentage points, the valuation would have increased by 52%.

The project will come to the Board for future approvals once the design and scoping review is complete. Any changes to forecast capital expenditure have a direct impact on the recoverable amount of the asset (assuming all other inputs remain the same) given the nearer term nature of the expenditure.

3. Operating loss

	2023 \$000	2022 \$000
Operating loss is stated after charging:		
Depreciation	(25)	-

Auditors' remuneration is paid by a fellow group company, Anglo American Woodsmith Limited for which there is no recharge.

The total value of non-audit services provided to the Company for the year ended 31 December 2023 \$nil (2022: \$nil).

4. Other income

All finance expenses reported in each year relate to foreign exchange gains and losses incurred on the remeasurement of monetary assets and liabilities to spot rate at the date that the transaction was settled or to the rate prevailing at the year-end date for any balances outstanding at year-end.

5. Loss before tax

The Company had no employees during the year (2022: nil). Directors of the company are remunerated by other companies within the Anglo American plc group, and no charge is made to the Company for the directors' services.

ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6. Tax expense

The tax credit for the year is higher (2022: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2023 of 23.5% (2022: 19%). The differences are explained below:

	2023 \$000	2022 \$000
Loss on ordinary activities before taxation	(18)	(18,053)
Loss on ordinary activities multiplied by the standard rate of corporation taxation in the UK of 23.5% (2022: 19%)	(4)	(3,430)
<i>Taxation effects of:</i>		
Income exempt from taxation	4	1,617
Transfer pricing adjustments	-	(17)
Group relief	-	(8)
Amounts not recognised	-	1,838
Total tax charge for the year	-	-

The Finance Act 2021 included measures to increase the standard rate of UK corporation tax to 25% with effect from 1 April 2023. The Finance Act 2021 was enacted in June 2021 and accordingly, this rate is applicable to the measurements of deferred tax balances at 31 December 2023.

The Company has \$17,846,802 of temporary differences on which a potential deferred tax asset of \$4,461,700 has not been recognised. Of this, \$3,210,247 relates to fixed assets, \$1,043,605 relates to other temporary differences and \$207,848 relates to losses and pre-trading revenue expenditure.

The company has total losses carried forwards of \$831,393 (2022: \$807,159) that are available indefinitely for offset against certain future taxable profits of the company.

Deferred tax assets have not been recognised in respect of these losses and other temporary differences as there is uncertainty whether suitable profits will arise in future periods against which the deferred tax assets would reverse.

On 23 March 2023, HM Treasury released draft legislation for the Global Minimum Tax ('Pillar 2') rules in the UK which was substantively enacted on 20 June 2023. These rules will apply to the full Anglo American Group from the financial year ended 31 December 2024 onwards. Further information regarding the group's Pillar Two position is detailed in the consolidated accounts of Anglo American Plc. Anglo American Woodsmith (Teesside) Limited has applied the mandatory temporary exception under IAS 12 in relation to the accounting for deferred taxes arising from the implementation of the Pillar 2 rules.

ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

7. Property, plant and equipment

	Land and Buildings \$000	Capital works in progress \$000	Total \$000
At 1 January 2022			
Cost	19,170	11,942	31,112
Accumulated depreciation	-	-	-
Impairment losses	(6,512)	(2,730)	(9,242)
Net book amount	<u>12,658</u>	<u>9,212</u>	<u>21,870</u>
Year ended 31 December 2022			
At 1 January 2022	12,658	9,212	21,870
Additions	-	4,957	4,957
Depreciation for the year	-	-	-
Impairment	(8,508)	(9,674)	(18,182)
At 31 December 2022	<u>4,150</u>	<u>4,495</u>	<u>8,645</u>
Cost	19,170	16,899	36,069
Accumulated depreciation	-	-	-
Impairment losses	(15,020)	(12,404)	(27,424)
Net book amount	<u>4,150</u>	<u>4,495</u>	<u>8,645</u>
Year ended 31 December 2023			
At 1 January 2023	4,150	4,495	8,645
Additions	126	2,671	2,797
Depreciation for the year	(25)	-	(25)
Impairment	-	-	-
At 31 December 2023	<u>4,251</u>	<u>7,166</u>	<u>11,417</u>
Cost	19,296	19,570	38,866
Accumulated depreciation	(25)	-	(25)
Impairment losses	(15,020)	(12,404)	(27,424)
Net book amount	<u>4,251</u>	<u>7,165</u>	<u>11,417</u>

As of 31 December 2023, there were no impairment or impairment reversal trigger.

ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

8. Lease liabilities

The company operates a lease for land and buildings in the year:

	2023	2022
	\$000	\$000
Right-of-use leased assets (principally classified as land and buildings within property, plant and equipment)		
On 1 January	-	-
Additions	126	-
Depreciation	(25)	-
At 31 December	101	-
On 1 January	-	-
Additions	126	-
Interest expense	5	-
Payments made	(27)	-
Foreign exchange gains	(3)	-
At 31 December	101	-
- classified as non-current liabilities	77	-
- classified as current liabilities	24	-

9. Other receivables

	2023	2022
	\$000	\$000
Prepayments and accrued income	48	48
VAT recoverable	36	126
Total other receivables	84	174

10. Trade and other liabilities

	2023	2022
	\$000	\$000
Amounts owed to Group companies	12,327	9,260
Accruals and other payables (due within one year)	364	776
	12,691	10,036

All loans from group companies are unsecured, USD-denominated, non-interest bearing and expected to be repaid when project development is complete.

ANGLO AMERICAN WOODSMITH (TEESSIDE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

11. Called up share capital

As at 31 December 2023, there were 4 (2022: 4) authorised, allotted, called up and fully paid ordinary shares with a par value of £1 in the Company. In addition, the Company has issued to Hancock British Holdings Ltd 1 non-voting share with a par value of £1 which has no rights associated with it, other than to receive notice of the occurrence of an insolvency event impacting the Company.

12. Ultimate parent undertaking and controlling party

The immediate parent company is Sirius Minerals Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. The ultimate parent company and controlling entity is Anglo American plc, a company incorporate in the United Kingdom and registered in England and Wales. Anglo American plc is the parent undertaking of the largest group which includes the Company and for which group financial statements are prepared. Anglo American Crop Nutrients Limited is the parent undertaking of the smallest group which includes the Company and for which group financial statements are prepared. The financial statements of both Anglo American plc and Anglo American Crop Nutrients Limited may be obtained from the Company Secretary at its registered office of 17 Charterhouse Street, London, EC1N 6RA.

13. Events after the reporting date

There have been no subsequent events impacting the Company since 31 December 2023 which require disclosure in these financial statements.