

Company registration number 08461738 (England and Wales)

ARCHROMA UK, LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

ARCHROMA UK, LTD

COMPANY INFORMATION

Directors	Mr D K Puddiphatt Mr G Smith Mr M P Zumstein
Secretary	Intertrust (UK) Limited
Company number	08461738
Registered office	1 Bartholomew Lane London EC2N 2AX
Auditor	Azets Audit Services Limited 33 Park Place Leeds LS1 2RY

ARCHROMA UK, LTD

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5 - 8
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13 - 29

ARCHROMA UK, LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present the strategic report for the year ended 30 September 2022.

The principal activity of the Company is to provide sales for the global speciality chemical business trading under the name of Archroma.

The company was incorporated on 26 March 2013, for the purpose of acquiring the trade and assets of Clariant Distribution UK Limited and Clariant Production UK Limited.

On August 9, 2022, Huntsman International LLC, a Delaware limited liability company ("Huntsman"), Archroma Operations S.à.r.l., a Luxembourg société à responsabilité limitée ("Archroma Operations"), Archroma Germany GmbH, a German company with limited liability ("Archroma Germany") and solely for purposes set forth in the Purchase Agreement, SKES Investment 2 S.à r.l. (the "Archroma Financing Party") together entered into an Equity and Asset Purchase Agreement (the "Purchase Agreement"), pursuant to which, subject to the satisfaction or waiver of certain conditions, Archroma will acquire (1) all of the equity of certain Huntsman subsidiaries and (2) certain assets and liabilities of certain other Huntsman subsidiaries, in each case which comprise of Huntsman's "Textile Effects" business segment (collectively, the "Business" and such transaction, the "Acquisition"). Archroma UK Ltd will be affected by an asset deal subsequent to the closing of this agreement. This agreement remains in progress at the date of approving the financial statements.

Business model

The Archroma Group (the Group) has integrated its European sales activities within one company, Archroma Distribution and Management Germany GmbH ("AD&M"). Up to 31 December 2021 the UK Branch of AD&M took on the responsibility of sales and related activities of the company under this operating model. In an effort to reduce complexity of the legal entity structure the UK branch was integrated into Archroma UK Ltd as part of an asset deal (see above). As a result the Company business includes now all sales and marketing activities as well as the purchasing and warehousing of Archroma traded products.

The Group is organised into three business units, textiles, paper and emulsions, with the Company focusing mainly on the paper, textile, wood treatment industry but more of a push into new markets such as optical brightening agents (OBA) detergents, cosmetics and leather.

The sales process is supported by a high level of technical support, provided on both a local and global level. Customers are therefore willing to accept higher prices due to the service level that the company provides.

Business review and results

The results of the Company show a profit after taxation of £982,000 (2021: £1,602,000). The net assets of the Company at the period end were £1,857,000 (2021: £1,875,000).

Key performance indicators

The Company is measured on three key performance indicators:

- Sales;
- Gross margin;
- Net Working Capital (% of sales);

With the Cov19 crisis easing off in 2022 there has been inflationary pressure as a result of Russia's attack on Ukraine starting in February 2022. Despite the economic downturn the sales have continued to increase this year by 38% to £20,875,000 (2021: £15,129,000). This is mainly down to the general price increase rather than volume growth, with the gross margin being 22.7% (2021 34.4%). Net working capital, as a percentage of sales has only slightly deteriorated by 3 percentage points in the period.

ARCHROMA UK, LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Principal risks and uncertainties

As the Company provides sales and marketing services to Group companies, it must adapt to operating changes in those companies to ensure it provides the appropriate level of service.

The markets that we operate in can be very competitive for suppliers and customers. The continual improvement process that we operate as a supplier across the Group enables us to provide our customers with the tools to help keep them and us in profitable business.

Mandatory principles in Safety, Health and the Environment ("SHE") are laid down in the groups SHE guidelines which form an integral part of business process and strategic planning.

Overall the impact on the company of the UK's exit from the European Union (EU), has not been as detrimental as expected even the foreign exchange expense remained stable. The Company will continue to trade as now and with the upcoming Huntsman acquisition mentioned above there will be new business opportunities as well as synergies in the near future.

Future developments

For the foreseeable future the Company will continue to provide sales and marketing services to group companies, recharged at a margin. We therefore expect the Company continuing to trade with a gross profit in 2022 and beyond.

The paper market in the UK is continuing to grow in the packaging and tissue sectors with new machines coming online in the next 2 years. Coloured graphic paper is seeing a hit from the current recession and has forced the closure of a big producer in the UK.

This packaging can come in the format of Brown, White Top Liner, Coloured Board, Coated board or Moulded Fibre products.

The group is investing a lot of R & D time in developing chemicals for both of the growing industries, e.g. the development of bio based products to replace water based Acrylics. This is a major initiative for us with markets moving away from plastics to other materials such as paper and wood.

There is a continued improvement on high end textile products and we have redirected our products based on this.

The Company will invest time into developing new markets for our products and also report back opportunities of new products that could suit our portfolio. Main areas we are concentrating on are the wood and formulator sectors.

On behalf of the board

Mr D K Puddiphatt
Director
30 January 2023

ARCHROMA UK, LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present their annual report and financial statements for the year ended 30 September 2022.

Principal activities

The principal activity of the company continued to be that of distribution of chemical dyes.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £1,000,285. The directors recommend payment of a final dividend amounting to £1,000,000.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D K Puddiphatt
Mr G Smith
Mr M P Zumstein

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the reporting date.

Auditor

The auditor, Azets Audit Services Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms 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 he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

On behalf of the board

Mr D K Puddiphatt
Director

30 January 2023

ARCHROMA UK, LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors are responsible for preparing the annual 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 International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 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.

ARCHROMA UK, LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARCHROMA UK, LTD

Opinion

We have audited the financial statements of Archroma UK, Ltd (the 'company') for the year ended 30 September 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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 UK, including the FRC'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.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

ARCHROMA UK, LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ARCHROMA UK, LTD

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, 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.

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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

ARCHROMA UK, LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ARCHROMA UK, LTD

Extent to which the audit was capable of identifying irregularities, including fraud

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, and from inspection of the company's regulatory and legal correspondence. We 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 during the audit.

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, pensions legislation, taxation legislation and further laws and regulations that could indirectly affect the financial statements, comprising environmental and employment legislation and health and safety and, in the current climate, Covid regulations. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. 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. These procedures did not identify any potentially material actual or suspected non-compliance.

To identify risks of material misstatement due to fraud we considered the opportunities, incentives and pressures that may exist within the company to commit fraud. Our risk assessment procedures included: enquiry of directors to understand the high-level policies and procedures in place to prevent and detect fraud, reading Board minutes and considering performance targets and incentive schemes in place for management. We communicated identified fraud risks throughout our team and remained alert to any indications of fraud during the audit.

As a result of these procedures, we identified the greatest potential for fraud in the following areas:

- revenue recognition and in particular the risk that revenue is recorded in the wrong period; and
- subjective accounting estimates

As required by auditing standards we also identified and addressed the risk of management override of controls.

We performed the following procedures to address the risks of fraud identified:

- identifying and testing high risk journal entries through vouching the entries to supporting documentation;
- assessing significant accounting estimates for bias; and
- testing the timing and recognition of revenue and, in particular, that it was appropriately recognised through sales cut off testing and the testing of post year end credit notes.

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 of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ARCHROMA UK, LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ARCHROMA UK, LTD

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.

Chris Butt (Senior Statutory Auditor)
For and on behalf of Azets Audit Services Limited

30 January 2023

Chartered Accountants
Statutory Auditor

33 Park Place
Leeds
LS1 2RY

ARCHROMA UK, LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 £000	2021 £000
Revenue	4	20,875	15,129
Cost of sales		(16,152)	(9,947)
Gross profit		4,723	5,182
Distribution costs		(304)	(207)
Administrative expenses		(3,097)	(2,810)
Operating profit	5	1,322	2,165
Investment revenues	9	8	6
Finance costs	10	(118)	(204)
Profit before taxation		1,212	1,967
Income tax expense	11	(230)	(365)
Profit and total comprehensive income for the year		982	1,602

The income statement has been prepared on the basis that all operations are continuing operations.

ARCHROMA UK, LTD

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

	Notes	2022 £000	2021 £000
Non-current assets			
Intangible assets	13	282	347
Property, plant and equipment	14	216	166
Deferred tax asset		1	2
		<u>499</u>	<u>515</u>
Current assets			
Inventories	15	1,847	1,345
Trade and other receivables	16	3,702	4,625
Current tax recoverable		138	-
Cash and cash equivalents		892	1,128
		<u>6,579</u>	<u>7,098</u>
Current liabilities			
Trade and other payables	17	4,899	5,056
Current tax liabilities		111	522
Lease liabilities	18	100	107
		<u>5,110</u>	<u>5,685</u>
Net current assets		<u>1,469</u>	<u>1,413</u>
Non-current liabilities			
Lease liabilities	18	111	53
		<u>111</u>	<u>53</u>
Net assets		<u>1,857</u>	<u>1,875</u>
Equity			
Called up share capital	19	-	-
Share premium account		773	773
Retained earnings		1,084	1,102
		<u>1,857</u>	<u>1,875</u>
Total equity		<u>1,857</u>	<u>1,875</u>

The financial statements were approved by the board of directors and authorised for issue on 30 January 2023 and are signed on its behalf by:

Mr D K Puddiphatt
Director

Company registration number 08461738

ARCHROMA UK, LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	Share capital £000	Capital Contribution £000	Retained earnings £000	Total £000
Balance at 1 October 2020		-	773	(500)	273
Year ended 30 September 2021:					
Profit and total comprehensive income for the year		-	-	1,602	1,602
Balance at 30 September 2021		-	773	1,102	1,875
Year ended 30 September 2022:					
Profit and total comprehensive income for the year		-	-	982	982
Dividends	12	-	-	(1,000)	(1,000)
Balance at 30 September 2022		-	773	1,084	1,857

ARCHROMA UK, LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

		2022		2021	
	Notes	£000	£000	£000	£000
Cash flows from operating activities					
Cash generated from operations	1		1,768		4,028
Interest paid			(118)		(204)
Income taxes paid			(778)		(548)
Net cash inflow from operating activities			872		3,276
Investing activities					
Purchase of unincorporated business		-		(2,143)	
Purchase of intangible assets		(11)		(46)	
Proceeds on disposal of property, plant and equipment		8		-	
Interest received		8		6	
Net cash generated from/(used in) investing activities			5		(2,183)
Financing activities					
Payment of lease liabilities		(113)		(103)	
Dividends paid		(1,000)		-	
Net cash used in financing activities			(1,113)		(103)
Net (decrease)/increase in cash and cash equivalents			(236)		990
Cash and cash equivalents at beginning of year			1,128		138
Cash and cash equivalents at end of year			892		1,128

ARCHROMA UK, LTD

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1	Cash generated from operations	2022	2021
		£000	£000
	Operating profit	1,322	2,165
	Adjustments for:		
	Amortisation and impairment of intangible assets	76	57
	Depreciation and impairment of property, plant and equipment	106	106
	Decrease in provisions	-	(205)
	Movements in working capital:		
	Increase in inventories	(501)	(672)
	Decrease in trade and other receivables	921	929
	(Decrease)/increase in trade and other payables	(156)	1,648
	Cash generated from operations	1,768	4,028

ARCHROMA UK, LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

2 Accounting policies

Company information

Archroma UK, Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 1 Bartholomew Lane, London. EC2N 2AX. The company's principal activities and nature of its operations are disclosed in the directors' report.

2.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared on the historical cost basis, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

2.2 Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

2.3 Going concern

The directors have considered all factors, including in the wider economy as part of their assessment of going concern. Although the current economic climate creates both cash flow and profitability risks for the company, the company continues to trade profitably and is cash generative. Sensitised budgets and cashflows have been prepared using assumptions for customer demand and supply chain costs as well as expectations for legal and regulatory environmental impacts. These budgets and cashflows indicate continuing profitability and cash generation, consequently the directors believe on balance that they have sufficient resources to enable trading to continue for a period of at least one year from the date of approval of the financial statements. Accordingly, these financial statements have been prepared on a going concern basis.

ARCHROMA UK, LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

2 Accounting policies

(Continued)

2.4 Revenue

Sale of goods

The company recognises revenue from the sale of goods on behalf of its parent company, acting as a sales branch in the UK. To determine whether to recognise this revenue, a five step process is followed:

- 1) Identifying the contract with the customer
- 2) Identifying the performance obligations
- 3) Determining the transaction price
- 4) Allocating the transaction price to the performance obligations
- 5) Recognising revenue when performance obligations are satisfied

Revenue is recognised on the gross basis as the UK purchases and resells the goods, and suffers the credit risk associated with the sale to the final customer. Revenue is recognised in line with the specific customer contract agreement either when the customer receives the goods or when the goods have been shipped.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

2.5 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Technical Certificates	12 years straight line
Customer list	5 years straight line

2.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Straight line over the lease term
Fixtures and fittings	9 years straight line
Plant and equipment	6 years straight line
Right of use assets	Over the period of the lease or between 5 - 10 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

ARCHROMA UK, LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

2 Accounting policies

(Continued)

2.7 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and included expenditure incurred in acquiring the stock, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

2.10 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

ARCHROMA UK, LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

2 Accounting policies

(Continued)

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

Impairment of financial assets

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

ARCHROMA UK, LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

2 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

2.11 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

2.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

2.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

ARCHROMA UK, LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

2 Accounting policies

(Continued)

2.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2.16 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. 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. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

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 and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. 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 unpaid 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. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

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; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

ARCHROMA UK, LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

2 Accounting policies

(Continued)

Under IFRS 16, Leases are accounted for on the right of use model. The Income Statement presentation and expense recognition. At inception, the Company assesses whether a contract contains a lease. This assessment involves the exercise of judgement about whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct the use of the asset.

IFRS 16 permits lessees to elect not to apply the recognition requirements to short term leases and leases for which the underlying asset is of low value. The Company has elected not to recognise short term leases of less than one year at inception and low value leases which will continue to be reflected in the Income Statement. This will be the ongoing policy adopted by the Company. There are no right of use assets or lease liabilities recognised for these leases, and the expense is recognised in the Income Statement on a straight line basis.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses an incremental borrowing rate which is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the rightofuse asset in a similar economic environment.

The rightofuse assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Rightofuse assets are depreciated over the shorter period of lease term and useful life of the underlying asset and are now presented within property, plant and equipment.

The Company applies IAS 36 to determine whether a rightofuse asset is impaired and accounts for any identified impairment loss in line with the Company's existing impairment accounting policy.

Under IFRS 16, the straightline operating lease expense, has been replaced with a depreciation charge for the rightofuse assets and interest expense on lease liabilities.

2.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Non-monetary assets and liabilities are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value was determined. Gains and losses arising on translation are included in the income statement for the period.

ARCHROMA UK, LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

3 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and 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, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The key areas involving estimates and judgements are as follows;

Recoverability of trade receivables

Trade and other receivables are recognised at fair value, minus expected future losses. A provision for impairment of trade receivables is recognised based on lifetime expected losses using historic evidence and industry knowledge, but principally comprise balances where objective evidence exists that the amount will not be collectible. Such amounts are written down to their estimated recoverable amounts.

Valuation of the customer list intangible

The fair value of the customer list has been determined based on value-in-use calculations. These are based on 3 year management forecasts and cash flows. The key assumption used in these cash flows is revenue growth based on management's experience of the industry, product mix, latest market expectations and historic performance.

The forecast cash flows are discounted at a pre-tax discount rate of 12.9% calculated based on available market data and the discount rates of other comparable companies.

4 Revenue

	2022 £000	2021 £000
Revenue analysed by class of business		
Revenue from contracts with customers	20,875	15,129

All of the company's sales are within the UK.

5 Operating profit

	2022 £000	2021 £000
Operating profit for the year is stated after charging/(crediting):		
Depreciation of property, plant and equipment	106	106
Amortisation of intangible assets (included within administrative expenses)	76	57
Cost of inventories recognised as an expense	16,152	9,947

ARCHROMA UK, LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

6 Auditor's remuneration

	2022	2021
	£000	£000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	19	17
	<u>19</u>	<u>17</u>

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Sales and marketing	9	10
Administrative	3	2
Technical support	5	5
Laboratory	1	-
	<u>18</u>	<u>17</u>
Total	<u>18</u>	<u>17</u>

Their aggregate remuneration comprised:

	2022	2021
	£000	£000
Wages and salaries	1,141	1,296
Social security costs	137	157
Pension costs	113	106
	<u>1,391</u>	<u>1,559</u>

8 Directors' remuneration

	2022	2021
	£000	£000
Remuneration for qualifying services	114	86
Company pension contributions to defined contribution schemes	8	8
	<u>122</u>	<u>94</u>

The number of directors for whom retirement benefits are accruing under money purchase schemes amounted to 1 (2021 - 1).

ARCHROMA UK, LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

9	Investment income	2022	2021
		£000	£000
	Interest income		
	Financial instruments measured at amortised cost:		
	Other interest income on financial assets	8	6
		<u>8</u>	<u>6</u>
	Income above relates to assets held at amortised cost, unless stated otherwise.		
10	Finance costs	2022	2021
		£000	£000
	Interest on bank overdrafts and loans	109	191
	Interest on lease liabilities	9	13
		<u>118</u>	<u>204</u>
	Total interest expense	<u>118</u>	<u>204</u>
11	Income tax expense	2022	2021
		£000	£000
	Current tax		
	UK corporation tax on profits for the current period	229	365
		<u>229</u>	<u>365</u>
	Deferred tax		
	Origination and reversal of temporary differences	1	-
		<u>1</u>	<u>-</u>
	Total tax charge	<u>230</u>	<u>365</u>
	The charge for the year can be reconciled to the profit per the income statement as follows:		
		2022	2021
		£000	£000
	Profit before taxation	1,212	1,967
		<u>1,212</u>	<u>1,967</u>
	Expected tax charge based on a corporation tax rate of 19.00% (2021: 19.00%)	230	374
	Effect of expenses not deductible in determining taxable profit	(2)	-
	Income not taxable	7	-
	Other	(5)	(9)
		<u>230</u>	<u>365</u>
	Taxation charge for the year	<u>230</u>	<u>365</u>

ARCHROMA UK, LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

11 Income tax expense

(Continued)

The UK corporation tax rate was 19% throughout the year.

In the March 2021 Budget, a change to the future UK corporation tax rate was announced, indicating that the rate will increase to 25% from April 2023. Deferred tax balances at the reporting date are therefore measured at 25% (2020 - 19%).

12 Dividends

Amounts recognised as distributions:	2022 per share £000	2021 per share £000	2022 Total £000	2021 Total £000
Ordinary				
Interim dividend paid	10.00	-	1,000	-

13 Intangible assets

	Technical certificates £000	Customer List £000	Total £000
Cost			
At 1 October 2020	20	-	20
Additions - purchased	46	350	396
At 30 September 2021	66	350	416
Additions - purchased	11	-	11
At 30 September 2022	77	350	427
Amortisation and impairment			
At 1 October 2020	12	-	12
Charge for the year	4	53	57
At 30 September 2021	16	53	69
Charge for the year	6	70	76
At 30 September 2022	22	123	145
Carrying amount			
At 30 September 2022	55	227	282
At 30 September 2021	50	297	347
At 30 September 2020	8	-	8

The additions relate to the customer list and technical certificates arising as a result of the merger with the UK Branch.

ARCHROMA UK, LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

14 Property, plant and equipment

	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Right of use assets	Total
	£000	£000	£000	£000	£000
Cost					
At 1 October 2020	6	42	14	277	339
Additions	-	-	-	82	82
At 30 September 2021	6	42	14	359	421
Additions	-	-	-	164	164
Disposals	-	-	-	(270)	(270)
At 30 September 2022	6	42	14	253	315
Accumulated depreciation and impairment					
At 1 October 2020	6	32	10	101	149
Charge for the year	-	4	2	100	106
At 30 September 2021	6	36	12	201	255
Charge for the year	-	4	2	100	106
Eliminated on disposal	-	-	-	(262)	(262)
At 30 September 2022	6	40	14	39	99
Carrying amount					
At 30 September 2022	-	2	-	214	216
At 30 September 2021	-	6	2	158	166
Right-of-use assets				2022	2021
				£000	£000
Net values at the year end					
Property				164	85
Motor vehicles				50	73
				214	158
Total additions in the year				164	82
Depreciation charge for the year					
Property				78	85
Motor vehicles				22	15
				100	100

Certain assets are under a pledge as part of a credit agreement with the ultimate owner.

ARCHROMA UK, LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

15 Inventories

	2022 £000	2021 £000
Finished goods	1,847	1,345

Included in the inventory value above is a provision of £37,938 (2021: £22,667) in relation to slow moving items.

16 Trade and other receivables

	2022 £000	2021 £000
Trade receivables	2,468	2,272
Provision for bad and doubtful debts	(56)	(63)
	2,412	2,209
Amount owed by parent undertaking	1,244	-
Amounts owed by fellow group undertakings	15	2,378
Other receivables	9	-
Prepayments	22	38
	3,702	4,625

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

17 Trade and other payables

	2022 £000	2021 £000
Trade payables	420	326
Amount owed to parent undertaking	2,308	2,258
Amounts owed to fellow group undertakings	1,344	1,285
Accruals	280	374
Social security and other taxation	547	813
	4,899	5,056

ARCHROMA UK, LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

17 Trade and other payables

(Continued)

Included within current liabilities are amounts owed to fellow group undertakings. These are considered trading balances, which are repayable on demand and do not attract interest.

The amounts owed to parent undertakings represent loans and borrowings relating to a EUR 2.6m loan from SK Spice Holdings Sàrl, the ultimate parent company.

Terms and debt repayment schedule:

The loan is due to mature on 30 June 2024. Interest is payable quarterly and annually fixed on the 3 months LIBOR rate plus a margin of 6% which is considered to be at arm's length/market rate. As per the terms of the loan agreement the lender may request payment in full or part on demand.

Financial instruments

No assets or liabilities are held at fair value, other than the long term loan detailed above, and therefore analysis of a fair value hierarchy is not considered necessary.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables. As the majority of the receivables are intercompany the risk is considered low and therefore details about concentration of credit risk and quality of assets has not been provided. There is no impairment provision held against trade receivables.

Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its financial obligations as they fall due. Due to the intergroup funding provided to the company this is not considered a significant risk. The EUR loan is payable on 30 June 2024.

Market risk – foreign currency risk

The company's exposure to foreign currency risk is from the EUR loan and transactions with other group companies in Euros. Otherwise, revenues are denominated in GBP and the company largely operates in GBP, and therefore carries little foreign currency risk.

Capital management

The company manages its long term debt and equity through liaison with its ultimate parent company. There are no external capital requirements placed on the company.

18 Lease liabilities

	2022	2021
Maturity analysis	£000	£000
Within one year	119	122
In two to five years	125	76
	<hr/>	<hr/>
Total undiscounted liabilities	244	198
Future finance charges and other adjustments	(33)	(38)
	<hr/>	<hr/>
Lease liabilities in the financial statements	211	160
	<hr/>	<hr/>

ARCHROMA UK, LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

18 Lease liabilities

(Continued)

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022 £000	2021 £000
Current liabilities	100	107
Non-current liabilities	111	53
	<u>211</u>	<u>160</u>

	2022 £000	2021 £000
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>9</u>	<u>13</u>

The fair value of the company's lease obligations is approximately equal to their carrying amount.

19 Share capital

	2022 £000	2021 £000
Authorised		
100 ordinary shares of £1 each	<u>0.10</u>	<u>0.10</u>

The company has 100 ordinary shares of £1 each in issue, rounded to £nil. The ordinary shares are non redeemable and hold full voting rights.

The capital contribution reserve of £773,000 arose in 2013 following a capital contribution from an immediate parent.

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including directors, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2022 £000	2021 £000
Short-term employee benefits	448	296
Post-employment benefits	<u>22</u>	<u>20</u>
	<u>470</u>	<u>316</u>

ARCHROMA UK, LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

20 Related party transactions

(Continued)

Other transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2022 £000	2021 £000	2022 £000	2021 £000
Other related parties	1,310	1,337	518	592

Purchase of UK Branch

	2022 £000	2021 £000
Parent company	-	3,427

The following amounts were outstanding at the reporting end date:

	2022 £000	2021 £000
Amounts due to related parties		
Parent company	2,308	2,258
Other related parties	1,344	1,281
	3,652	3,539

The following amounts were outstanding at the reporting end date:

	2022 £000	2021 £000
Amounts due from related parties		
Other related parties	94	82

Other information

The company provides resale and marketing services to a number of group companies. It also incurs charges in respect of services provided by the wider group. Financing is also provided by the group as detailed in note 17.

21 Controlling party

The Company is a subsidiary undertaking of SK Spice Holdings Sàrl which is the ultimate parent company incorporated in Luxembourg with registered office 12 C Rue Guillaume Kroll, Luxembourg, 1882. The ultimate controlling party is SK Capital Partners LP.

SK Spice Holdings Sàrl is the smallest and largest group into which the company is consolidated. No other group financial statements include the results of the Company. The consolidated financial statements of the group are not available to the public.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.