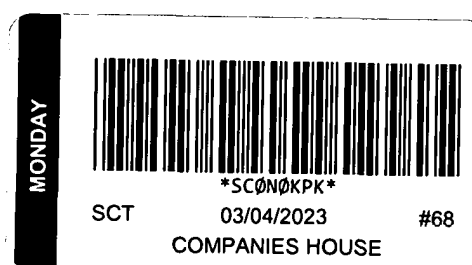
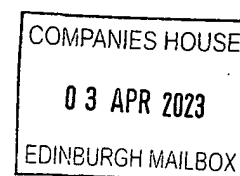


**ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**



# **ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED**

## **COMPANY INFORMATION**

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**Directors**

Sheena Cantley  
Thomas Fountain

**Company number**

11371466

**Registered office**

3rd Floor  
Davidson Building  
5 Southampton Street  
London  
WC2E 7HA  
United Kingdom

**Auditor**

Ernst and Young LLP  
1 More London Place  
London  
SE1 2AF  
United Kingdom

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# **ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED**

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# ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and financial statements of Element Materials Technology Shared Services Limited for the financial year ended 31 December 2021. This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies. The Directors have taken advantage of section 414B whereby the Company is exempt from preparing a strategic report.

#### Principal activities

Element Materials Technology Shared Services Limited is part of a global network of laboratories with experts specialising in materials testing, product qualification testing and failure analysis. The Company is a wholly owned subsidiary of Exova Group (UK) Limited.

The principal activity of the Company is as the shared service centre for the wider trading group owned by the Company's ultimate holding company, Temasek Holdings (Private) Limited (previously Element Materials Technology Group Limited) ("Element") in the EMEA region.

#### Directors

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

Lesley Laird	(Resigned 1 February 2022)
Thomas Fountain	(Appointed 16 March 2021)
Sheena Cantley	
Ruth Prior	(Resigned 16 March 2021)

#### Dividends

The Directors do not recommend payment of a dividend (2020 £nil).

#### Political contributions

The Company made no political donations and incurred no political expenditure during the year (2020 £nil).

#### Principal risks and uncertainties

While risk cannot be eliminated altogether, actions are taken to mitigate risk wherever possible. As a matter of policy, the Company does not enter into speculative activities. The material business and operational risks that the Directors consider the Company to be exposed to are:

Risk	Mitigating factor
Cash flow, credit and liquidity risk	In order to ensure that sufficient funds are available to fund ongoing operations and future developments, management regularly reviews cash flow forecasts and financing arrangements of the business to ensure that there is sufficient funding in place.
Exchange rate risk	The Company continues to monitor the risks associated with the revaluation of intercompany balances, and the impact that this has on the Statement of profit or loss and Statement of financial position. Monitoring activities include the assessment of cash requirements and loan arrangements in place and taking actions to move funds as appropriate.
Operational performance of the companies from which balances are recoverable	Management regularly reviews the cash flow forecasts and operational performance of the companies from which balances are receivable to ensure that there are no recoverability issues present. Management accounts for any recoverability issues identified appropriately where applicable.

# **ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Principal risks and uncertainties (continued)**

In accordance with its risk management guidelines the Company raises awareness of business risks at all operational management levels and encourages all management teams to assess and manage risk appropriately. The Company's intermediate holding company, EM Topco Limited, ensures that appropriate insurance cover is in place for the Company in respect of customarily insured liabilities and claims. The risks are monitored by the Directors on a continual basis.

#### **Going concern**

The Company's business activities, together with factors likely to affect its future development, performance and position are considered by the Directors on an annual basis.

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the intermediate holding company, EM Topco Limited. The Directors have received confirmation that Element will support the company as necessary, and has the ability to do so, until the end of the period considered by the Directors in their going concern assessment, being the period from the date of approval of the Annual report and Financial Statements until 31 March 2024.

This financial support is required as the Company is a participant in the Element Group cash pooling arrangement and therefore as a result, ultimately relies on the liquidity of the Group. The Group (the "Group") being the whole group of companies, headed by EM Topco Limited.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group and the Company have adequate resources for the Company to continue to adopt the going concern basis of accounting in preparing these financial statements. Further detail is contained in the statement on going concern within note 1.2 to the financial statements.

#### **Events after the reporting date**

On 6th July 2022, the Company's ultimate parent undertaking, Element Materials Technology Group Limited was acquired by EM Bidco Limited. Following the acquisition, the ultimate parent undertaking changed to Temasek Holdings (Private) Limited, a company incorporated in Singapore. The completion of the acquisition resulted in the extinguishment of the Group's old debt facilities and establishment of new facilities. The Company ceased to be a guarantor for the Group's debt facilities from this date and was not required to provide guarantees for the new facilities

Between the end of the financial year and the date of this report, no item, transaction or event of a material nature has occurred, in the opinion of the Directors of the Company, that is likely to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

#### **Future developments**

The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities.

# **ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Directors insurance and indemnities**

As permitted by the Companies Act 2006, the Group purchases and maintains Directors' and Officers' insurance cover against certain legal liabilities and costs incurred by the Directors and Officers of the companies within the Group, in the performance of their duties. The Company has also granted an indemnity to each of its Directors in relation to the Directors exercise of their powers, duties and responsibilities as Directors of the Company, the terms of which are in the Companies Act 2006.

### **Statement of disclosure to auditor**

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

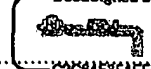
- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to have taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is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

### **Auditor reappointment**

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
C2C84F3F1EEC48E...

**Sheena Cantley**

Director 31 March 2023

Date: .....

# **ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2021***

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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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES

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### Opinion

We have audited the financial statements of Element Materials Technology Shared Services Limited ('the Company') for the year ended 31 December 2021 which comprise the Statement of Profit or Loss, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 over a period to 31 March 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### 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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES (CONTINUED)**

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### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of Directors**

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

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

### **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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES (CONTINUED)

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### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant tax compliance regulations. In addition, we concluded that there are certain significant laws and regulations relating to health and safety, employee matters, environmental matters and anti-bribery and corruption practices of relevance to the company;
- We understood how the Company is complying with those frameworks by making enquiries of management including those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of minutes of board meeting and consideration of the results of our audit procedures for the company;
- We designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of legal expenses and board minutes to identify any non-compliance with laws and regulations and enquiries of general counsel, those charged with governance and management; and
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override through internal team meetings, enquiry of management and review of the Element Group fraud assessments. Where the risk was considered to be higher, we performed audit procedures to address each fraud risk. As part of the overall response to the risk of fraud, we performed journal entry testing, review of significant contracts and enquiries of management.

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

### **Use of our report**

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

*Ernst & Young LLP*

Judith Smith (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

31 March 2023

**ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED****STATEMENT OF PROFIT OR LOSS****FOR THE YEAR ENDED 31 DECEMBER 2021**


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	Notes	2021 £	2020 £
Management fees	3	12,171,583	7,340,459
Administrative expenses		(11,896,360)	(7,179,134)
Other operating income	4	15,000	203,749
<b>Operating profit</b>		<u>290,223</u>	<u>365,074</u>
Finance costs	8	(284)	(4,686)
<b>Profit before taxation</b>		<u>289,939</u>	<u>360,388</u>
Taxation credit	9	191,183	65,033
<b>Profit for the year</b>		<u>481,122</u>	<u>425,421</u>

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All results are generated from continuing operations.

There is no Statement of other comprehensive income as all income and expenses for the current year are included in the Statement of profit or loss above.

The accompanying notes are an integral part of these financial statements.

**ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>Non-current assets</b>			
Intangible assets	10	976,425	1,146,849
Property, plant and equipment	11	260,085	270,244
Right of use assets	12	2,301	6,543
Deferred tax asset	17	664,259	472,806
		<u>1,903,070</u>	<u>1,896,442</u>
<b>Current assets</b>			
Other receivables	13	26,157,720	2,142,973
Cash and cash equivalents	14	283,815	108,713
		<u>26,441,535</u>	<u>2,251,686</u>
<b>Current liabilities</b>			
Other payables	15	26,782,357	3,062,778
Lease liabilities	12	2,571	4,222
		<u>26,784,928</u>	<u>3,067,000</u>
<b>Net current liabilities</b>		<u>(343,393)</u>	<u>(815,314)</u>
<b>Total assets less current liabilities</b>		<u>1,559,677</u>	<u>1,081,128</u>
<b>Non-current liabilities</b>			
Lease liabilities	12	-	2,570
Provisions	16	101,525	101,528
		<u>101,525</u>	<u>104,098</u>
<b>Net assets</b>		<u>1,458,152</u>	<u>977,030</u>

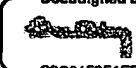
**ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED****STATEMENT OF FINANCIAL POSITION (CONTINUED)****AS AT 31 DECEMBER 2021**

	Notes	2021 £	2020 £
<b>Shareholder's equity</b>			
Share capital	19	2	2
Share premium account	20	1,534,202	1,534,202
Retained earnings		(76,052)	(557,174)
<b>Total shareholder's equity</b>		<u>1,458,152</u>	<u>977,030</u>

The accompanying notes are an integral part of these financial statements.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006

The financial statements of Element Materials Technology Shared Services Limited (registered number 11371466) were approved by the Board of Directors and authorised for issue on 31 March 2023 and were signed on its behalf by;

DocuSigned by:  
  
 C2C84F3F1EEC48E...

Sheena Cantley

**Director** 31 March 2023  
 Date.....

Company Registration No. 11371466

**ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2021**


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	Share capital	Share premium account	Retained earnings	Total
	£	£	£	£
<b>Balance at 31 December 2019</b>	2	1,534,202	(982,595)	551,609
Profit for the year	-	-	425,421	425,421
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2020</b>	2	1,534,202	(557,174)	977,030
Profit for the year	-	-	481,122	481,122
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2021</b>	2	1,534,202	(76,052)	1,458,152
	<hr/>	<hr/>	<hr/>	<hr/>

# ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

##### Company information

Element Materials Technology Shared Services Limited is a private limited company incorporated in England and Wales, is domiciled in the UK and its registered office is 3rd floor Davidson Building, 5 Southampton Street, London, United Kingdom, WC2E 7HA.

The principal activity of the Company is as the shared service centre for the wider trading group owned by the company's ultimate holding company, Temasek Holdings (Private) Limited ("Element") in the EMEAA region.

#### 1.1 Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 Reduced Disclosure (FRS 101) issued by the Financial Reporting Council. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework and the provisions of the Companies Act 2006.

The financial statements have been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The accounting policies have been consistently applied throughout the current and prior year. The financial statements have been prepared on a going concern basis. The reasons for this are outlined in Note 1.2. The financial statements are presented in pounds sterling which is also the functional currency of the Company.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- The requirements of IFRS 7 Financial Instruments: Disclosures
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases
- The requirements of paragraph 58 of IFRS 16
- 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 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures
- 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
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets

Where required, equivalent disclosures are given in the group financial statements of Element Materials Technology Limited.

# ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Accounting policies (continued)

##### 1.2 Going concern

In line with the Financial Reporting Council's guidance on going concern issued in April 2016 and the requirements of the Companies Act 2006, the Directors have undertaken an exercise to review the appropriateness of the continued use of the going concern basis. The financial statements of the Company have been prepared on a going concern basis, as the Directors have concluded that the going concern basis continues to be appropriate.

The Company has, as at 31 December 2021, net assets of £1,458,152 (2020: net assets of £977,030). The Company has no external loans or borrowings or complex financial instruments as at 31 December 2021. The Company generated a profit after tax of £481,122 in the year ended 31 December 2021 (2020: £425,421).

The company's future viability is ultimately dependent on the performance of the wider trading group owned by the company's intermediate holding company, EM Topco Limited ("Element"), and group management's decisions on the flow of capital. The financial support is required as the Company is a participant in the Element Group cash pooling arrangement and therefore as a result, ultimately relies on the liquidity of the Group. The Group (the "Group") being the whole group of companies, headed by EM Topco Limited.

The Directors have received confirmation that Element will support the company as necessary, and has the ability to do so, until the end of the period considered by the Directors in their going concern assessment, being the period from the date of approval of the Annual Report and Financial Statements until 31 March 2024.

The going concern assessment, which has been performed for the period up to 31 March 2024, takes into account the Group's cash flow and available undrawn banking facilities. The analysis concluded that even after the downside scenarios modelled, the Group would have sufficient funds to trade and settle its liabilities as they fall due.

The Directors believe that the Group is well placed to manage its business risks successfully, despite the current uncertain economic outlook. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, inflation and interest rates, show that the Group would be able to operate within the level of its current committed facilities. As part of a regular assessment of the Group's working capital and financing position, the Directors have prepared a detailed bottom-up trading budget and cash flow forecast for the period through 31 March 2024.

The Directors have chosen the period to 31 March 2024 to assess the going concern because this is the end of the date of the period used for the going concern assessment of the Group headed by EM Topco Limited, the intermediate parent, upon whose continued financial support the Company relies. In considering the going concern status, the Directors of the Group have considered the principal risks and uncertainties discussed in the strategic report and assessed the impact.

In assessing the going concern status, the Directors have considered:

- Global economic downturn impacting underlying end-markets
- Susceptibility to inflation and interest rate movements
- The status of the Group's existing and future credit arrangements
- Technological disruption due to simulation and software potentially reducing traditional testing and/or outsourcing of testing activities
- Difficulties in recruiting/retaining technical talent to support organic growth, and
- Overall margin pressure due to significant cost inflation and the availability of mitigating actions including price increases and managing capital expenditure
- Potential impacts of the conflict in Ukraine on our business

The Directors have considered the potential impacts of the conflict in Ukraine on our business, assessing possible supply chain disruptions and evaluating risks to future earnings. At this stage we do not anticipate a material impact to the Group's performance. However, if the Group is impacted, we are confident that mitigating actions and cost management plans within management's control could be implemented to alleviate risk.



# **ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED**

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

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **1 Accounting policies (continued)**

##### **1.2 Going concern (continued)**

On the 6th of July 2022, Temasek acquired a controlling interest in the Group. As a result of this transaction, the Group entered into a new debt facility agreement and this debt is now due for repayment in 2029. The total value of the facility at 28 February 2023 was US \$3,408 million, of which \$3,145 million has been drawn.

The going concern assessment takes into account the Group's cash flow and available undrawn credit facilities.

Sensitivity analyses have been performed on the forecasts to consider the impact of severe, but plausible, reasonable worst-case scenarios on the headroom on cash and available credit facilities. These scenarios, which sensitized the forecasts for specific identified risks, modelled the reduction in anticipated levels of underlying EBITDA and the associated increase in net debt. This scenario is the sustained decline in Group performance due to a variety of macroeconomic issues including, but not limited to, global economic conditions and high inflation and is modelled on a 16% reduction in EBITDA in 2023 and to 31 March 2024. Sensitivity analyses have also been performed on cost inflation, as well as increasing interest rates 0.5% above current forward curves. In performing the assessment consideration was given to the risk of below forecast performance in relation to recently acquisitions - the sensitivity scenarios above include these acquisitions and are considered sufficient to consider the impact of severe but plausible possible downside in the performance of the acquired entities.

Throughout these downside scenarios, the Group continues to have significant liquidity headroom on its new debt commitments and existing facilities and against the revolving credit facility covenants.

The Group also prepared a reverse stress test to quantify the level of reduction in EBITDA at which the available liquidity would be reduced to nil by the end of the assessment period. In completing this test the directors considered the level of decline required to reach this and concluded that this was not a plausible outcome due to the value of the decline before any actions were taken by management.

As a result of the Group going concern assessment described above and the confirmation received that Element will support the Company as necessary and has the ability to do so, to 31 March 2024, the Directors are satisfied that the Company has access to adequate resources to continue in operational existence for the foreseeable future and will be able to meet its liabilities as they fall due during the period from the date of the approval of these financial statements to 31 March 2024.

Therefore, the financial statements of the Company have been prepared on a going concern basis.

# **ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED**

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

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **1 Accounting policies (continued)**

##### **1.3 Intangible assets**

Intangible assets that are acquired separately or developed in-house are carried at cost less accumulated amortisation and accumulated impairment losses, if applicable. The estimated useful life and amortisation method are reviewed at the end of each reporting period, if necessary, any changes in estimates are accounted for on a prospective basis. Amortisation is charged on a straight-line basis to the statement of profit or loss over the expected useful economic lives as follows:

Computer software	1 - 5 years
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An intangible asset is derecognised on disposal, or when no further economic benefits are expected from use or disposal. Gains or losses arising from recognition of an intangible asset, measured as the difference between the net disposal proceeds and the net carrying amount of the asset, are recognised in the statement of profit or loss when the asset is derecognised.

##### **1.4 Property, plant and equipment**

Property, plant and equipment is stated at historical cost, less accumulated depreciation and impairment. The cost of property, plant and equipment is the purchase cost, together with any directly attributable costs.

Depreciation is provided on all property, plant and equipment other than land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

IT equipment	3 - 10 years
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Assets under the course of construction are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of profit or loss.

# ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Accounting policies (continued)

##### 1.5 Lease arrangements

The Company holds leases on assets used in the ordinary course of business. The Company recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified asset for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

All leases where the Company is the lessee (except for low-value lease arrangements and those with less than a 12-month duration) are recognised in the statement of financial position. A lease liability is recognised based on the present value of the future lease payments, and a corresponding right-of-use asset is recognised. The right-of-use asset is depreciated over the shorter of the lease term or the useful life of the asset. Lease payments are apportioned between finance charges and a reduction of the lease liability.

The right-of-use assets are initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and,
- any initial direct costs incurred by the lessee.

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

The Company depreciates the right-of-use asset from the commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:

- fixed payments, less any lease incentives receivable; and
- variable lease payments that depend on a fixed rate, as at the commencement date.

The leases held by the Company are deemed to fall into one category: non-property. Non-property includes all non-property leases, such as motor vehicles.

Variable lease payments not included in the initial measurement of the lease liability are recognised in the statement of profit or loss as they arise.

The lease payments are discounted using the incremental borrowing rate at the commencement of the lease contract or modification. The incremental borrowing rate is estimated taking account of the economic environment of the lease, the currency of the lease and the lease term. The lease term determined by the Company comprises:

- non-cancellable period of lease contracts;
- periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

After the commencement date the Company measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

The right-of-use asset and lease liability balances are calculated with reference to the underlying functional currency.

# **ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED**

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

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **1 Accounting policies (continued)**

##### **1.6 Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount compared to the carrying value.

The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. Value in use is defined as the present value of future cash flows before interest and tax.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount through the Statement of Profit or Loss.

For assets 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, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised.

##### **1.7 Other receivables**

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance. The Company applies IFRS 9 to measure expected credit losses (ECL) which uses a lifetime expected loss allowance for amounts owed by group undertakings. To measure the expected credit losses, amounts owed by group undertakings are grouped based on shared credit risk characteristics and the days past due. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables represented by amounts owed by group undertakings, other receivables, and cash and cash equivalents are measured at amortised cost, less any impairment.

##### **1.8 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. Where relevant, bank overdrafts are presented within other payables.

##### **1.9 Other payables**

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### **1.10 Provisions**

Provisions are recognised when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

# ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies (continued)

##### 1.11 Management fees

Management fee income is from management services provided to Group affiliates and comprises of a single performance obligation, which is delivered over a period of time.

##### 1.12 Government assistance Covid-19 furlough income

IAS 20 sets out the principle for the recognition, measurement, presentation and disclosure of government grants. Government grants are recognised when there is a reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

##### 1.13 Employee Benefit Plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

##### 1.14 Finance costs

Finance costs include interest on lease liabilities and other finance costs, which are recognised in profit or loss using the effective interest rate method.

##### 1.15 Taxation

###### Current tax charge / credit

The current tax charge/credit is based on taxable profit for the period. Taxable profit differs from profit as reported in the Statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

###### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

# **ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED**

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

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **1 Accounting policies (continued)**

##### **1.15 Taxation (continued)**

###### ***Current and deferred tax for the year***

Current and deferred tax are recognised in the statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

##### **1.16 Foreign currency translation**

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the Statement of Financial Position date. Differences arising on translation are charged or credited to the Statement of profit or loss.

##### **1.17 Adoption of new and revised accounting standards**

###### **Standards and amendments effective for the year**

The Company has adopted all the new and revised Standards and interpretations issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting years covered by the financial statements. The adoption of these standards and interpretations does not have an impact on the financial statements of the Company:

- Amendment to IFRS 16: Covid 19-Related Rent Concessions beyond 30 June 2021
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform Phase 2

###### **Standards, amendments, and interpretations not yet effective**

A number of amendments and interpretations have been issued that are not expected to have any material impact on the accounting policies and reporting. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

# **ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **2 Critical accounting judgements and key sources of estimation**

In the application of the Company's accounting policies which are described in note 1 the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future periods.

#### **2.1 Critical accounting judgements**

The Directors consider that there were no critical judgements that had to be made in the process of applying the Company's accounting policies.

#### **2.2 Key sources of estimation**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### **(a) Dilapidations provision**

Provisions for dilapidation liabilities are made when there is a present obligation and where it is probable that expenditure on restoration work will be required and a reliable estimate can be made of the cost. In estimating the dilapidation liability, Management uses their best estimate regarding cost of restoring operating sites to their original condition in accordance with the terms of the lease contracts where relevant. These estimates are reviewed annually, and the amount expected to be paid on termination or expiry of the leased property is recognised as a dilapidation provision as at year end. There are significant uncertainties with regards to the final amounts of any future payments. These uncertainties can also result in the reversal of previously established provisions once final settlement is reached with the third party. Should the Company choose not to renew the existing lease arrangements which currently ends in 2022, the expectation is that the liabilities would materialise around that time.

##### **(b) Taxation**

At the balance sheet date tax liabilities and assets are based on management's best estimate of the future amounts that will be settled. While the Company aims to ensure that the estimates recorded are accurate, the actual amounts could be different from those expected.

The Company recognises deferred income tax assets for deductible temporary differences and tax loss carry forwards to the extent that it deems probable such assets will be recovered in the future.

Further breakdown of the value is provided in note 17.

**ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****3 Management fees**

	2021 £	2020 £
Management fee income	12,171,583	7,340,459

**4 Other operating income**

	2021 £	2020 £
Government support - Covid-19 furlough income	-	170,499
Other operating income	15,000	33,250
	<u>15,000</u>	<u>203,749</u>

**5 Operating profit**

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of property, plant and equipment (note 11)	162,483	191,958
Depreciation on right of use asset (note 12)	4,242	4,253
Amortisation of intangible assets (note 10)	376,197	359,302
Government assistance Covid-19 furlough income (note 4)	-	(170,499)
	<u>542,922</u>	<u>350,014</u>

**6 Auditor's remuneration**

Fees payable to Ernst & Young LLP for the audit of the Company were borne by other companies within the Group and disclosed in the consolidated financial statements of Element Materials Technology Group Limited. Fees payable in the prior year were also borne by other companies within the Group.

There were no non-audit services provided to the Company during the year (2020: none).



**ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****7 Employees and directors****Employees**

The average monthly number of persons (including executive Directors) employed by the Company during the year was:

	2021	2020
Administration	115	105

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	4,265,394	4,113,474
Social security costs	568,772	489,899
Pension costs	270,102	251,284
	<u>5,104,268</u>	<u>4,849,657</u>

*\*The 2020 wages and salary expense is shown net of the £170,499 received as Covid-19 support for employee costs (2021: £nil)*

**Directors**

The 4 Directors who served during 2021 were also Directors of a number of other group companies and do not consider it possible to identify the proportion of their remuneration relating to their roles as Directors of this company.

- The remuneration of 2 of these is included in the disclosure in the Element Materials Technology Limited financial statements.
- The remuneration of the other 2 of these was £260,151, which was paid through these financial statements.

There were no other short-term employee benefits in the year (2020: nil) and there were no retirement benefits accruing to Directors under pension schemes as at 31 December 2021 (2020: nil).

**ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****8 Finance costs**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Interest expense on lease liabilities	243	466
Other interest payable	41	4,220
	<u>284</u>	<u>4,686</u>

**9 Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Deferred tax</b>		
Current year movement	(190,294)	(82,402)
Adjustment in respect of prior year	(1,160)	17,369
Withholding tax written off	271	-
	<u>(191,183)</u>	<u>(65,033)</u>
<b>Total tax (credit)</b>	<u>(191,183)</u>	<u>(65,033)</u>

The credit for the year can be reconciled to the profit / (loss) per the Statement of profit or loss as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Profit before taxation	<u>289,939</u>	<u>360,388</u>
Expected tax charge/(credit) based on a corporation tax rate of 19% (2020: 19%)	55,088	68,474
Effect of expenses not deductible in determining taxable profit	6,544	14,619
Group relief claimed for nil consideration	(92,504)	(119,565)
Deferred tax asset rate change	(159,422)	(45,930)
Deferred tax adjustment in respect of prior year	(1,160)	17,369
Withholding tax written off	271	-
	<u>(191,183)</u>	<u>(65,033)</u>
<b>Taxation credit for the year</b>	<u>(191,183)</u>	<u>(65,033)</u>

At the Statement of financial position date, the Company had an unrecognised deferred tax asset of £nil (2020: £nil)

**Factors that may affect future tax charges**

A UK budget resolution was announced on 3rd March 2021 increasing the UK corporation tax rate to 25%, effective from 1st April 2023. This was substantively enacted into UK law on the 10th June 2021. Deferred tax balances within the accounts have therefore been calculated using a corporation tax rate of 25%, as this was the relevant rate at 31st December 2021.

**ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****10 Intangible assets**

	<b>Computer software</b>
<b>Cost</b>	<b>£</b>
At 1 January 2021	1,963,468
Additions in year	205,773
At 31 December 2021	2,169,241
<b>Amortisation</b>	
At 1 January 2021	816,619
Charge for the year	376,197
At 31 December 2021	1,192,816
<b>Carrying amount</b>	
At 31 December 2021	976,425
At 31 December 2020	1,146,849

**11 Property, plant and equipment**

	<b>Assets under construction</b>	<b>IT equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 January 2021	24,306	834,264	858,570
Additions	-	152,324	152,324
Transfers	(8,218)	8,218	-
At 31 December 2021	16,088	994,806	1,010,894
<b>Accumulated depreciation</b>			
At 1 January 2021	-	588,326	588,326
Charge for the year	-	162,483	162,483
At 31 December 2021	-	750,809	750,809
<b>Net book value</b>			
At 31 December 2021	16,088	243,997	260,085
At 31 December 2020	24,306	245,938	270,244

**ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****12 Lease arrangements**  
**Right of use assets**

	Non-property £
<b>Cost</b>	
At 31 December 2020	12,737
At 31 December 2021	<u>12,737</u>
<b>Accumulated depreciation</b>	
At 31 December 2020	6,194
Charge for the year	<u>4,242</u>
At 31 December 2021	<u>10,436</u>
<b>Net book value</b>	-
At 31 December 2021	<u>2,301</u>
At 31 December 2020	<u>6,543</u>

**Lease liabilities**

Lease obligations 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:

	<b>Current</b>		<b>Non-current</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Non-property	<u>2,571</u>	<u>4,222</u>	<u>-</u>	<u>2,570</u>
	<b>Within 1 year</b>	<b>2-5 years</b>	<b>5+ years</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Non-property	<u>2,571</u>	<u>-</u>	<u>-</u>	<u>2,571</u>

**Interest expense**

Interest expense on the lease liabilities recognised within finance costs was £243 (2020: £466).

**ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021**

<b>13 Other receivables</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Amounts owed by Group undertakings	25,346,599	1,774,429
Prepayments and other receivables	811,121	368,544
	<u>26,157,720</u>	<u>2,142,973</u>

No receivables fall due after more than one year. Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Other receivables are stated after expected credit loss of £29,438 (2020: £11,270).

The Company measures the loss allowance on all amounts owed by group undertakings at an amount equal to lifetime ECL. The expected credit losses on amounts owed by Group undertakings are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtors operate, and an assessment of the current as well as the forecast direction of conditions at the reporting date.

In determining the recoverability of amounts owed by Group undertakings, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The Directors consider that the carrying value of amounts owed by Group undertakings is approximately equal to their fair value.

<b>14 Cash and cash equivalents</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Cash at bank denominated in GBP	283,741	108,713
Cash at bank denominated in USD	74	-
	<u>283,815</u>	<u>108,713</u>

<b>15 Other payables</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Other payables	1,453,231	1,032,157
Taxation and social security	498,616	139,007
Amounts owed to Group undertakings	24,830,510	1,891,614
	<u>26,782,357</u>	<u>3,062,778</u>

Amounts owed to group undertakings falling due within one year are loans from group companies that are interest free and repayable on demand.

**ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****16 Provisions**

	<b>Total £</b>	
<b>Dilapidations</b>		
At 31 December 2020		101,528
At 31 December 2021		101,528
	<b>2021 £</b>	<b>2020 £</b>
Current	-	-
Non-Current	101,528	101,528
	<u>101,528</u>	<u>101,528</u>

The dilapidations provision held by the Company relates to the lease held by another Group entity, which is the operating headquarters for the Company and is fully occupied by employees of the Company. The Company recognises an informal obligation to reimburse the Group entity for any restoration costs which may materialise in future.

The dilapidations provision represents management's best estimate of restoration costs with respect to leased property for which a present obligation exists and a reliable estimate can be made. As at 31 December 2021, the dilapidation provision remained at £101,528 (2020: £101,528). This liability is a result of a management review of the likely cost of restoration. Given the nature of the provision, it is not possible to estimate the exact timing of cash flows but the lease liability maturity analysis in note 12 is indicative of the likely approximate utilisation of the dilapidations provision.

**ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****17 Deferred taxation**

	Fixed asset timing differences	Provisions	Total
	£	£	£
Deferred tax asset at 31 December 2020	448,499	24,307	472,806
<b>Deferred tax movements in current year</b>			
Current year movement	182,125	8,169	190,294
Adjustment in respect of prior years	(402)	1,561	1,159
Deferred tax asset at 31 December 2021	630,222	34,037	664,259

**18 Employee benefit plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of profit or loss as incurred. The Company made £270,102 contribution to defined contribution plans in the year to 31 December 2021 (2020: £251,284). At the year end, contributions of £57,288 (2020: £36,642) due in respect of the current reporting period had not been paid over to the scheme. These balances are reported within other payables.

**19 Share capital**

	2021	2020
	£	£
<b>Authorised, Issued and fully paid</b>		
2 Ordinary shares of £1 each	2	2
	2	2

The ordinary shares are non-redeemable and hold full rights in respect of voting.

**ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****20 Share premium account**

	2021 £	2020 £
At beginning of year	1,534,202	1,534,202
At end of year	<u>1,534,202</u>	<u>1,534,202</u>

**21 Commitment and contingent liabilities**

<i>Capital commitments</i>	2021 £	2020 £
At 31 December the company had capital commitments as follows:		
Contracted for but not provided in the financial statements:	<u>65,059</u>	<u>20,441</u>

Capital committed in the period is for spend on IT equipment.

*Contingent liabilities*

The Company gave a guarantee in respect of the Senior Facilities Agreement (SFA) of Greenrock Midco Limited, another group company. At 31 December 2021, the Company along with a number of other group companies jointly and severally guaranteed \$637.2m (2020: \$671.9m) which was secured by a charge on the Company's assets. Security will only be enforceable on the occurrence of an Event of Default as defined by the SFA.

The Company gave a guarantee in respect of the Note Purchase Agreement (NPA) to Element Materials Technology Group US Holdings Inc, another group company. The Company along with a number of other group companies jointly and severally guaranteed \$180m which was secured by a charge on the Company's assets. Security will only be enforceable on the occurrence of an Event of Default as defined by the NPA.

The Company gave a guarantee in respect of the TTL Chiltern Pension scheme reported in Warringtonfire Testing and Certification Limited, another group company. The Company along with a number of other group companies jointly and severally guaranteed to meet all present and future obligations and liabilities of the Scheme in the event of a default by Warringtonfire Testing and Certification Limited. Due to the nature of the pension scheme obligations will fluctuate with changes to the assumptions and funding position. At 31 December 2021 the pension scheme was showing a net asset position.

**22 Events after the reporting date**

On 6th July 2022, the Company's ultimate parent undertaking, Element Materials Technology Group Limited was acquired by EM Bidco Limited. Following the acquisition, the ultimate parent undertaking changed to Temasek Holdings (Private) Limited, a company incorporated in Singapore. The completion of the acquisition resulted in the extinguishment of the Group's old debt facilities and establishment of new facilities. The Company ceased to be a guarantor for the Group's debt facilities from this date and was not required to provide guarantees for the new facilities.

Between the end of the financial year and the date of this report, no other item, transaction or event of a material nature has occurred, in the opinion of the Directors of the Company, that is likely to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.



# **ELEMENT MATERIALS TECHNOLOGY SHARED SERVICES LIMITED**

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

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **23 Related party transactions**

The Company has taken advantage of the exemptions contained within paragraphs 8(j) and (k) of FRS 101, and has not disclosed transactions entered with wholly owned group companies or key management personnel. There were no other related party transactions in the year (2020: none).

#### **24 Ultimate holding and controlling party**

The Company's immediate parent undertaking is Exova Group (UK) Limited, registered in England and Wales.

The parent company of the smallest group of which the Company is a member, and for which group financial statements are prepared, is Element Materials Technology Limited, a company incorporated in England and Wales.

The ultimate parent undertaking of the largest Group which includes the Company and for which Group financial statements are prepared is Element Materials Technology Group Limited, a company incorporated in England and Wales.

Copies of the 31 December 2021 Group financial statements of Element Materials Technology Limited and Element Materials Technology Group Limited are available from Companies House, Crown Way, Cardiff CF14 3UZ. The registered office address for both companies is 3rd Floor Davidson Building, 5 Southampton Street, London, United Kingdom, WC2E 7HA.

Following the acquisition on 6th July 2022, the Company's ultimate parent undertaking changed to Temasek Holdings (Private) Limited, a company incorporated in Singapore.