

# **Quaker Specialty Chemicals (UK) Limited**

Annual Report and Financial Statements

Year Ended

31 December 2022

Company Number 12071471

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# Quaker Specialty Chemicals (UK) Limited

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## Company Information

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<b>Directors</b>	S Hostetter N A Ogden R T Traub
<b>Registered number</b>	12071471
<b>Registered office</b>	Unit C 42 Sayer Drive Lyons Park Coventry CV5 9PF
<b>Independent auditors</b>	BDO LLP Two Snowhill Birmingham B4 6GA

# Quaker Specialty Chemicals (UK) Limited

## Strategic Report For the Year Ended 31 December 2022

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The directors present their strategic report together with the financial statements for the year to 31 December 2022.

### Principal activity and review of business

The company's principal activity is that of an intermediate holding company.

During the year, the company received dividends from its subsidiaries and paid those dividends onto its parent company.

The company charged interest on outstanding loans and was also charged interest where amounts were outstanding to group companies.

Aside from this, there were no other transactions, and the balances sheet movements are reflective of these transactions.

### Future developments

The directors envisage no change to the company's activities for the foreseeable future.

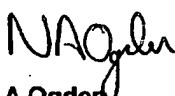
### Key performance indicators

As a holding company, the company does not have any significant key performance indicators.

### Principal risks and uncertainties

As a holding company, the principal risks and uncertainties are inextricably linked to the performance of its subsidiary entities and are disclosed therein.

This report was approved by the board on 27 September 2023 and signed on its behalf.

  
N A Ogden  
Director

# Quaker Specialty Chemicals (UK) Limited

## Directors' Report For the Year Ended 31 December 2022

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The directors present their report and the financial statements for the year ended 31 December 2022.

### Results and dividends

The profit for the year, after taxation, amounted to £7,160,000 (2021 - £6,266,000).

A dividend of £9,082,000 was paid in the year (2021 - £7,995,000). The directors do not recommend the payment of a final dividend.

### Directors

The directors who served during the year and up to the date of approval were:

S Hostetter  
N A Ogden  
R T Traub

### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Financial risk management

The overall objective of the Board is to set policies that seek to reduce risk as far as possible. Credit risk is limited as the company's financial instrument counterparties are fellow Quaker Houghton group companies only. Liquidity and cash flow risk is managed by agreeing terms with counterparties to ensure there is no mismatch that creates issues with liquidity.

# Quaker Specialty Chemicals (UK) Limited

## Directors' Report (continued) For the Year Ended 31 December 2022

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### Going concern

The company's financial outgoings and liabilities are with fellow group companies and comprise group balances payable, group loans payable, including servicing of debt, and sundry expenditure. The short-term group balances payable are lower than the short-term group balances receivable, and should any company not be able to repay these debts, the ultimate US parent company has guaranteed all amounts outstanding. The majority of interest payable on group loans is rolled into the loan and only repayable at the loan maturity date, which is 2026-2027. The directors consider that there are a number of potential options for settling the debt as it reaches maturity and are satisfied that there will be sufficient funds or alternative resources available to settle the debts as they reach maturity. Interest payable which is not rolled up is covered by interest receivable. The company also has an expected pipeline of dividends receivable from its investments that would support any unanticipated cash shortfall and settle any sundry expenditure as it falls due. Finally, the ultimate US parent company has also provided assurances of its continued financial support. Accordingly, the directors have adopted the going concern basis in preparing the annual report and accounts.

### Qualifying third party indemnity provisions

The company has in place qualifying third party indemnity provisions for all of its directors.

### Matters covered in the Strategic Report

The principal activity, review of the business, key performance indicators and the principal risks and uncertainties are not shown in the directors' report as they are shown in the strategic report in accordance with section 414C (11) of the Companies Act 2006.

### Disclosure of information to auditors

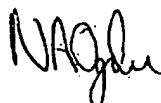
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

### Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 September 2023 and signed on its behalf.



N A Ogden  
Director

# **Quaker Specialty Chemicals (UK) Limited**

## **Independent Auditors' Report to the Members of Quaker Specialty Chemicals (UK) Limited**

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### **Opinion**

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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.

We have audited the financial statements of Quaker Specialty Chemicals (UK) Limited ("the company") for the year ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### **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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

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.

### **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.

# **Quaker Specialty Chemicals (UK) Limited**

## **Independent Auditors' Report to the Members of Quaker Specialty Chemicals (UK) Limited (continued)**

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. 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.

### **Other Companies Act 2006 reporting**

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

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

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 director's 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.

# Quaker Specialty Chemicals (UK) Limited

## Independent Auditors' Report to the Members of Quaker Specialty Chemicals (UK) Limited (continued)

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### 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.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

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

- Enquiring of Management and the Board of Directors, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
  - o identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - o detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
  - o the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We obtained an understanding of the legal and regulatory frameworks applicable to the company based on our understanding of the business, sector experience and discussions with management and the Board. The most significant considerations are UK financial reporting standards, the Companies Act 2006, corporate taxes and the Bribery Act 2010.
- Discussing amongst the engagement team to assess how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the area of management override of controls.

We executed procedures in line with our responsibilities to detect material misstatements in respect of irregularities, including fraud. These procedures, together with the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- We made enquiries of management and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations. We corroborated our enquiries through our review of board minutes.
- We tested the appropriateness of accounting journals and other adjustments made in the preparation of the financial statements. We obtained a complete population of all journals in the year to identify and substantively test any which we considered could be indicative of management override.
- We reviewed the company's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business.



# Quaker Specialty Chemicals (UK) Limited

## Independent Auditors' Report to the Members of Quaker Specialty Chemicals (UK) Limited (continued)

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### Auditor's responsibilities for the audit of the financial statements (continued)

#### *Extent to which the audit was capable of detecting irregularities, including fraud (continued)*

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

### 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.

DocuSigned by:

*Andrew Mair*

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**Andrew Mair** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Birmingham  
United Kingdom  
27 September 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Quaker Specialty Chemicals (UK) Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2022

	Note	2022 £000	2021 £000
Administrative expenses		350	(350)
<b>Operating profit/(loss)</b>		<b>350</b>	<b>(350)</b>
Income from shares in group undertakings		9,082	8,413
Interest receivable and similar income	5	245	279
Interest payable and similar expenses	4	(2,167)	(2,056)
<b>Profit before tax</b>		<b>7,510</b>	<b>6,286</b>
Tax on profit	8	-	(20)
<b>Profit for the financial year</b>		<b>7,510</b>	<b>6,266</b>

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 11 to 20 form part of these financial statements.

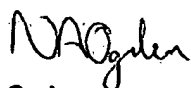
**Quaker Specialty Chemicals (UK) Limited**  
Registered number:12071471

**Balance Sheet**  
**As at 31 December 2022**

	Note	2022 £000	2022 £000	2021 £000	2021 £000
<b>Fixed assets</b>					
Investments	10		65,122		64,772
			<u>65,122</u>		<u>64,772</u>
<b>Current assets</b>					
Debtors: amounts falling due within one year	11	31,805		34,600	
		<u>31,805</u>		<u>34,600</u>	
Creditors: amounts falling due within one year	12	(21,212)		(24,147)	
		<u></u>		<u></u>	
<b>Net current assets</b>			<u>10,593</u>		<u>10,453</u>
<b>Total assets less current liabilities</b>			<u>75,715</u>		<u>75,225</u>
Creditors: amounts falling due after more than one year	13		(40,329)		(38,267)
			<u></u>		<u></u>
<b>Net assets</b>			<u><u>35,386</u></u>		<u><u>36,958</u></u>
<b>Capital and reserves</b>					
Called up share capital	14		-		-
Share premium account			33,223		33,223
Profit and loss account			2,163		3,735
			<u>35,386</u>		<u>36,958</u>

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

27 September 2023



**N A Ogden**  
Director

The notes on pages 11 to 20 form part of these financial statements.

# Quaker Specialty Chemicals (UK) Limited

## Statement of Changes in Equity For the Year Ended 31 December 2022

	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2022	33,223	3,735	36,958
<b>Comprehensive income for the year</b>			
Profit for the year	-	7,510	7,510
<b>Total comprehensive income for the year</b>	-	7,510	7,510
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital (note 9)	-	(9,082)	(9,082)
<b>Total transactions with owners</b>	-	(9,082)	(9,082)
<b>At 31 December 2022</b>	<b>33,223</b>	<b>2,163</b>	<b>35,386</b>

## Statement of Changes in Equity For the Year Ended 31 December 2021

	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2021	33,223	5,464	38,687
<b>Comprehensive income for the year</b>			
Profit for the year	-	6,266	6,266
<b>Total comprehensive income for the year</b>	-	6,266	6,266
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital (note 9)	-	(7,995)	(7,995)
<b>Total transactions with owners</b>	-	(7,995)	(7,995)
<b>At 31 December 2021</b>	<b>33,223</b>	<b>3,735</b>	<b>36,958</b>

The notes on pages 11 to 20 form part of these financial statements.

# Quaker Specialty Chemicals (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 1. General information

Quaker Specialty Chemicals (UK) Limited is a private company limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the strategic report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

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

The financial statements are presented in Pound Sterling (£).

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

The following principal accounting policies have been consistently applied:

#### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Quaker Chemical Corporation as at 31 December 2022 and these financial statements may be obtained from Quaker Chemical Corporation, One Quaker Park, 901 E. Hector Street, Conshohocken, PA 19428, USA.

#### 2.3 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

# Quaker Specialty Chemicals (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.4 Going concern

The company's financial outgoings and liabilities are with fellow group companies and comprise group balances payable, group loans payable, including servicing of debt, and sundry expenditure. The short-term group balances payable are lower than the by short-term group balances receivable, and should any company not be able to repay these debts, the ultimate US parent company has guaranteed all amounts outstanding. The majority of interest payable on group loans is rolled into the loan and only repayable at the loan maturity date, which is 2026-2027. The directors consider that there are a number of potential options for settling the debt as it reaches maturity and are satisfied that there will be sufficient funds or alternative resources available to settle the debts as they reach maturity. Interest payable which is not rolled up is covered by interest receivable. The company also has an expected pipeline of dividends receivable from its investments that would support any unanticipated cash shortfall and settle any sundry expenditure as it falls due. Finally, the ultimate US parent company has also provided assurances of its continued financial support. Accordingly, the directors have adopted the going concern basis in preparing the annual report and accounts.

#### 2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

#### 2.6 Finance costs

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

#### 2.7 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

# Quaker Specialty Chemicals (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

#### 2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in subsidiaries are assessed at each reporting date to determine whether there is an indication that the assets are impaired. Where there is an indication that an asset may be impaired, the carrying value of the investments is tested for impairment. An impairment loss is recognised equal to the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an investment's fair value less costs to sell and value in use. Value in use is calculated by estimating future cash inflows and outflows of the investment business and then discounted using an appropriate discount rate.

#### 2.10 Financial instruments

##### *Financial assets*

Financial assets are stated initially at transaction price (including transaction costs), then measured at amortised cost less allowances for provisions.

Provisions for impairments are recognised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

##### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, other than those arrangements which, in effect, constitute a financing transaction, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Where an arrangement constitutes a financing transaction, the financial liabilities are measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition adjusted for transaction costs.

#### 2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

# Quaker Specialty Chemicals (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 2. Accounting policies (continued)

#### 2.12 Capital and reserves

Share capital - the nominal value of allotted, called up and fully paid up ordinary share capital.

Share premium account - includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account - this represents the cumulative net gains and losses and transactions with owners (e.g. dividends).

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies set out above management is required to make certain estimates and judgements concerning the future. These judgements are regularly reviewed and updated as necessary. The judgements that have the most significant effect on the amounts included in these financial statements are as follows:

a) Considered whether there are indicators of impairment of the company's investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Key sources of estimation uncertainty:

#### a) Investments (note 10)

The company carries its investments in subsidiaries at cost less any provision for impairment and there are significant estimates and assumptions in determining the carrying value of these investments. The company considers the nature, facts and circumstance to determine the recoverable amount. Changes in these underlying assumptions and events occurring after the year-end could have a significant impact on the carrying value of these assets. For certain subsidiaries where there is greater concern over the carrying value of the assets, the value in use has been calculated using discounted cash flow projections, applying an appropriate discount rate, to the expected trading and cash flows based on management's forecasts for the 5 year period to 31 December 2027. An impairment charge of £Nil (2021 - £350,000) has been recognised in the Statement of Comprehensive Income during the year.

#### b) Debtors recoverability (note 11)

At each reporting date, debtors are assessed for recoverability. If there is any evidence of impairment the carrying amount of the debtor is reduced to its recoverable amount. The impairment loss is recognised immediately in the statement of comprehensive income. No impairments have been recognised in the period as the ultimate parent company has guaranteed the full recoverability of all group debtor balances.

### 4. Interest payable and similar expenses

	2022 £000	2021 £000
Interest payable on loans owed to group undertakings	2,167	2,056



# Quaker Specialty Chemicals (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 5. Interest receivable

	2022 £000	2021 £000
Interest receivable on amounts owed by group undertakings	245	279

### 6. Auditor's remuneration

Audit fees payable for the audit of the company's annual accounts were borne by other companies within the ultimate parent group. The fee applicable to this company was £7,675 (2021 - £7,525).

Non-audit fees are also borne by other companies within the ultimate parent group. Fees applicable to this company was £1,150 (2021 - £1,050).

### 7. Employees

The company has no employees other than the directors, who did not receive any remuneration.

Directors' emoluments were borne by other companies within the ultimate parent group. It has not been possible to apportion directors' emoluments between the individual subsidiaries.

### 8. Taxation

	2022 £000	2021 £000
Current tax on profit for the year	-	-
Foreign tax on income for the year	-	20
	-	20
Deferred tax charge	-	-
Taxation on profit on ordinary activities	-	20

# Quaker Specialty Chemicals (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 8. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	7,510	6,286
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,427	1,194
Effects of:		
Tax losses carried forward for which no deferred tax asset has been recognised	366	357
Expenses not deductible for tax purposes	(67)	67
Non-taxable income	(1,726)	(1,598)
Total tax charge for the year	-	20

#### Factors that may affect future tax charges

The corporation tax is calculated at 19% (2021 - 19%) of the estimated assessable profit for the year. The government announced on 3 March 2021 that the UK corporation tax rate will increase to 25% from 1 April 2023. This was substantively enacted on 24 May 2021.

The company has carried forward losses of £6,026,000 (2021 - £4,112,000) for which there is a potential deferred tax asset of £1,507,000 (2021 - £781,000). The potential deferred tax asset has not been recognised due to uncertainty over the timing of the utilisation of the losses.

### 9. Dividends

	2022 £000	2021 £000
Interim paid of £89,039.22 (2021 - £78,382.35) per share	9,082	7,995

The directors do not recommend the payment of a final dividend.

# Quaker Specialty Chemicals (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 10. Investments

	Investments in subsidiary companies £000
<b>Cost</b>	
At 1 January 2022	65,122
At 31 December 2022	<u>65,122</u>
At 1 January 2022	350
Reversal of impairment losses	(350)
At 31 December 2022	<u>-</u>
<b>Net book value</b>	
At 31 December 2022	<u><u>65,122</u></u>
At 31 December 2021	<u><u>64,772</u></u>

# Quaker Specialty Chemicals (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 10. Investments (continued)

#### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Registered office	Holding
Surface Technology (Holdings) Limited	UK	42 Sayer Drive, Lyons Park, Coventry, CV5 9PF.	100%
Surface Technology (Aberdeen) Limited *	UK	Greenbank Road, East Tullis Industrial Estate, Aberdeen, Scotland, AB12 3BQ	100%
Surface Technology (Australia) Pty Limited *	Australia	7 Marriott Rd, Jandakot, WA, 6164.	100%
Surface Technology (Leeds) Limited *	UK	42 Sayer Drive, Lyons Park, Coventry, CV5 9PF.	100%
Norman Hay Engineering Limited	UK	42 Sayer Drive, Lyons Park, Coventry, CV5 9PF.	100%
Ultraseal International Group Limited	UK	42 Sayer Drive, Lyons Park, Coventry, CV5 9PF.	100%
MX Systems International Limited *	UK	42 Sayer Drive, Lyons Park, Coventry, CV5 9PF.	100%
Ultraseal Asia Limited *	BVI	P.O Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	100%
Ultraseal Shanghai Limited *	China	51 Taizhong Road, Anting Town, Jaiding District, Shanghai, China, 201821	100%
Ultraseal Chongqing Limited *	China	(1st floor of Guangda Jixie Factory) No 413, Dongjiang Road, Degan Street, Jiangjin District, Chongqing, China	100%
Ultraseal Machinery Limited *	China	Kengkou Industrial Zone, Chashan Town, Dongguan City.	100%
Ultraseal India (PVT) Limited *	India	43/1 Block D-11, MIDC, Telco Road, Chinchwad, Pune, 411 019, India.	30%

\* denotes subsidiary indirectly held.

For all undertakings listed above, the location is the same as the country of incorporation or registration.

During the year it was determined that the previously charged impairment of £350,000 on the investments in Surface Technology businesses, was no longer required, and this has been reversed in the current year.

# Quaker Specialty Chemicals (UK) Limited

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 11. Debtors

	2022 £000	2021 £000
Amounts owed by group undertakings	31,805	34,600

All amounts shown above fall due for payment within one year. |

The amount of £6,157,382 (2021 - £8,159,042) incurs interest at 3.5% per annum. All other amounts are interest free.

### 12. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Amounts owed to group undertakings	20,674	23,714
Accruals and deferred income	538	433
	21,212	24,147

All amounts shown above fall due for payment within one year. The amounts do not incur any interest.

### 13. Creditors: amounts falling due after more than one year

	2022 £000	2021 £000
Loans owed to group undertakings	40,329	38,267

The loans owed to group undertakings are as follows:

£38,256,878 (2021 - £36,194,489) in respect of a promisory note issued on 1 October 2019 which matures on 30 September 2027, with the amount repayable being £49,778,806. The loan note is denominated in GBP, is unsecured and the difference between the amount repayable and the monies received is being accrued at an effective interest rate of 5.7%.

A loan of £2,072,835 (2021 - £2,072,835), drawn on 1 October 2019 and wholly repayable on 1 October 2026. The loan is denominated in GBP, is unsecured and attracts interest at 5% per annum.

### 14. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
102 (2021 - 102) Ordinary shares of £1.00 each	102	102

# **Quaker Specialty Chemicals (UK) Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2022**

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### **15. Related party transactions**

The company is a wholly owned subsidiary of Quaker Chemical Corporation. The company has taken advantage of the exemption conferred by FRS 102 'Related party disclosures' not to disclose transactions with Quaker Chemical Corporation or other wholly owned subsidiaries within the group.

There were no other related party transactions during the year.

### **16. Controlling party**

The immediate and ultimate parent company is Quaker Chemical Corporation, a company incorporated in the USA. There is no one ultimate controlling party.