

Bostik Adhesives Limited
Annual report and financial statements
for the period ended 31 December 2022

Registered number: 13694630



Bostik Adhesives Limited

Directors

Robert Peter Massey
Jean-Marie André Edmond Tisseuil
Julienne Latrille
Xavier Jean Joseph Durand-Delacre

Secretary

Karen Maria Kane

Auditors

Ernst & Young LLP
No.1 Colmore Square
Birmingham B4 6HQ
United Kingdom

Bankers

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Bostik Adhesives Limited

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Bostik Adhesives Limited

Strategic report for the period ended 31 December 2022

The directors present their strategic report on Bostik Adhesives Limited for the period ended 31 December 2022. The company is a part of the Arkema SA group.

Principal activities & review of the business

The company was incorporated on 21 October 2021 and acquired a portion of the Ashland LLC performance additives business on 1 March 2022, the Ashland acquisition was a larger group wide acquisition by the Arkema group. From this date the principal activity of Bostik Adhesives Limited ("the company") is manufacturing adhesives and coatings.

The company paid consideration of £126,609,000, resulting in a customer list intangible of £41,800,000 and goodwill of £79,413,000. Subsequent to the end of the reporting period, the company disposed of a portion of the customer list with a net book value of £31,741,000 to sister companies for consideration of £31,741,000, reflecting neither a gain nor a loss on this transaction.

Revenue for the period was £30,201,000 and the company generated a gross margin of £5,532,000. The company recorded exceptional costs of £8,931,000 in the period, including an impairment of £6,670,000 to reflect in these financial statements an appropriate value of the acquired assets related to the company in the UK.

The other exceptional items recognised in the income statement relate to the costs of acquisition of the trade and assets of the Ashland business in the United Kingdom along with one off costs associated with the establishment of the trading entity that acquired the trade and assets.

The loss before tax including exceptional items was £10,480,000 and the total loss after tax for the period was £8,349,000.

Future development of the business

The company continues to develop business in the industrial marketplace, in both its domestic and export markets. The business is committed to growing sales and profitability into the future by adopting and investing in the following areas:

1. Development & marketing of new and improved products
2. Product quality
3. Customer service
4. Fixed cost control
5. Sustainability and reduction in waste

Bostik Adhesives Limited

Strategic report for the period ended 31 December 2022 (continued)

Key performance indicators

The Board has assessed that the following financial Key Performance Indicators (KPIs) as the most effective measures of progress towards achieving the company's strategic objectives.

1. Cash and liquidity
2. Revenue
3. Profit

1. Cash and liquidity

The reported cash balance at the end of December 2022 was £1,205,000. The company has a short-term group financial debt agreement with Arkema France and the balance at the end of December 2022 was a liability of £5,114,000. The company maintains a strong cash control and efficiency ethic within the business. Strong control over working capital has allowed the company to meet its obligations to suppliers and for other short term liabilities.

2. Revenue

The company's revenue for the period is £30,201,000.

3. Profit

Profit in the business is a fundamental KPI. Given the acquisition during the period, the Directors are happy with the trading performance. They anticipate that the business will become profitable in the next year as the initial set up costs have been incurred in the current reporting period and are not repeatable. The business continues to invest in R&D, manufacturing capability, quality, marketing and other key activities to enable it to reach its profitability target.

Bostik Adhesives Limited

Strategic report for the period ended 31 December 2022 (continued)

Financial risk management

The directors constantly monitor the risks and uncertainties facing the company with particular reference to the exposure to foreign currency risk, liquidity risk and credit risk. They are confident that there are suitable policies in place and there are no material risks and uncertainties which have not been considered. The company's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to finance the company's operations. The company has various other financial assets and liabilities such as trade debtors and trade creditors, which arise directly from its operations. During the period no speculative trading in financial instruments was undertaken.

Foreign currency risk

The risk in USD & EUR currency fluctuation is minimised by effective foreign exchange management via spot currency purchases. The directors will revisit the appropriateness of this policy should the exposures change significantly.

Liquidity risk

The company has sufficient available funds for operations and planned activities. Funding comes from the parent group. The remainder of the company's funding comes from the cash flow it generates from its operations.

The current treasury agreements in place with the Arkema treasury department are reviewed and adapted annually if necessary, to meet the requirements of the company.

Credit risk

Credit risk is limited because of the nature of the company's customers being primarily sales to fellow group companies.

Principal risks and uncertainties

There are a number of risks and uncertainties that can impact the performance of the company, some of which are beyond the control of Bostik Adhesives Limited. The company monitors market trends and risks on an on-going basis, taking corrective action as necessary.

The company has the risk of losing customers; this is managed by continued research investment and adoption of modern techniques to ensure that the company retains its competitive advantage.

Bostik Adhesives Limited

Strategic report for the period ended 31 December 2022 (continued)

Reporting under s172(1) of the Companies Act 2006

The directors are required to report on the matters set out in sections 172(1) (a) to (f) of the Companies Act 2006 in respect of the way in which the directors undertake their decision making processes so that the company acts in an ethical manner that is mutually beneficial to all the interested stakeholders of the company.

The company is a member of the Arkema Group, a global material company with sales in excess of €11 billion and employing over 21,000 people. As a wholly owned subsidiary of the Arkema Group, the company therefore has only one sole member and the company provides regular updates on the company's performance through its regular reporting lines.

The Arkema Group of companies has strong ethical standards that are shared amongst all the companies that make up the group. These cover all aspects of the business including, but not limited to, protecting the environment and sustainability, ensuring compliance with both local and international laws and fair and equal treatment of staff.

The directors of the company follow these policies when making decisions that impact the company.

The directors aim to maximise the profit of the company by ensuring that decisions made are both ethical and are made in good faith whilst not taking a disproportionate level of risk. Structures are in place to escalate issues to Arkema Group and this is complied with by the directors. This is to minimise risk.

The directors recognise that customers and employees are key to the success of the business and their dealings with them are transparent, consistent and fair. They place great emphasis on ensuring that their dealings are compliant with legislation and that customers and employees adhere to these principles.

During the period ending 31 December 2022, the key decision made by the Directors was the acquisition of a portion of the trade and assets of the UK operations of Ashland LLC. The acquisition was part of a larger acquisition of part of the speciality chemical operations of Ashland LLC globally and is considered complimentary to the current offering that Arkema Group offers and will offer positive profit and cashflow benefits in the future.

Bostik Adhesives Limited

Strategic report for the period ended 31 December 2022 (continued)

Streamlined Energy and Carbon Reporting (SECR)

The company is required to report its annual greenhouse gas emissions pursuant to the Directors' Report and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("Regulations"). The 2018 regulations, known as Streamlined Energy and Carbon Reporting (SECR) came into effect on 1 April 2019 and the company is required to report the emissions and energy consumption for the period ending 31 December 2022. The company was only active for 9 months of the period.

		15 month period ending 31/12/2022
Energy consumption (Mwh)		7,771
Fuel (litres)		3,000
CO2 emissions (kg CO2)		1,519,000
Energy Intensity (kg CO2 per employee)		25,317

Following location-based methodology, 7,771 MWh of scope 2 energy and 3,000 litres of diesel in company cars was consumed in relation to the company's UK premises, resulting in 1,519,000 kg CO2. The scope 2 energy usage was obtained from meter readings from each of the sites and the conversion factors that have been applied have been a combination of those advised by the utility provider and Enablon. The diesel usage has been drawn from the actual purchases from the company fuel cards. The conversion factor applied was from the website www.carbontrust.com.

The intensity measure, calculated in relation to the average number of employees is 25,317 kg CO2 per employee.

During the year steps were taken to lower energy consumption. This has included ensuring that energy efficient lighting and heating is employed although the nature of the production facility means that the levels of CO2 generated will correlate closely to the levels of production. The company aims to lower this where possible in future.

By order of the board

DocuSigned by:

Robert Massey

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R Massey
Director

20 October 2023

Bostik Adhesives Limited

Directors' report for the period ended 31 December 2022

The directors present their report and the audited financial statements of the company for the period ended 31 December 2022. These accounts are prepared under United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Dividends

The directors have not declared an interim or a final dividend

The loss after tax for the period was £8,349,000.

Directors

The directors of the company who held office during the period were as follows:

Robert Peter Massey (appointed 21 October 2021)

Jean-Marie André Edmond Tisseuil (appointed 21 October 2021)

Julienne Latrille (appointed 21 October 2021)

Xavier Jean Joseph Durand-Delacre (appointed 21 October 2021)

No director has any interests in shares of the company. They do hold shares in the group through participation in group share option schemes.

Research and development

The company undertakes research and development activities, involving new product invention and new production service functions.

Future developments

The future developments of the company are discussed in the strategic report.

Bostik Adhesives Limited

Directors' report for the period ended 31 December 2022 (continued)

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate.

The company is part of the Intra Group Treasury Agreement, with Arkema France, and as at 30 September 2023 the company has a balance of £31,025,000 ("the cashpool"). The company also had positive bank balance in its own bank account of £3,212,000 as at 30 September 2023.

Arkema France has confirmed that access to this cashpool funding will be available for a period until 31 December 2024.

In assessing the going concern position of the company for the period ended 31 December 2022, the Directors have considered the company's cash flows, liquidity and likely business activities over a period until 31 December 2024.

The company expects to be cash generative over this period. The Directors consider that the company has access to sufficient resources, as set out above, to meet its obligations. This includes the downsides scenarios that have been applied by the Directors in their assessment of going concern.

The directors have also considered a reverse stress test to identify the downside sensitivity assumptions which would need to arise in order for the business to need additional funding to continue in operation. Having identified and considered these assumptions, and after taking into consideration potential mitigating actions that the directors could take, including right sizing the cost base to reflect the potential trading downturn and the deferral of non-contractual payments, the directors have concluded that such a scenario is not plausible.

For this reason, the directors continue to adopt the going concern basis for the preparation of the financial statements.

Subsequent events

On 10 February 2023 the company transferred a portion of the customer list intangible asset identified at the acquisition set out in Note 20 to fellow group companies for a consideration of £31,714,000 reflecting neither a gain nor a loss on the transfer.

Bostik Adhesives Limited

Directors' report for the period ended 31 December 2022 (continued)

Statement of directors' responsibilities

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 period. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101).

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 United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- Notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- Prepare the financial statements on a 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 auditors

The independent auditors Ernst & Young LLP, were appointed on 24 January 2023 and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Bostik Adhesives Limited

Directors' report for the period ended 31 December 2022 (continued)

Employee involvement

The company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the period, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the company has occurred. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Provision 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 that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

By order of the board

DocuSigned by:

Robert Massey

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R Massey

Director

20 October 2023

Bostik Adhesives Limited

Independent Auditor's Report to the Members of Bostik Adhesives Limited

Opinion

We have audited the financial statements of Bostik Adhesives Limited for the period ended 31 December 2022 which comprise the statement of total comprehensive Income, the statement of financial position, the statement of changes in equity and the related notes 1 to 23, 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 FRS 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 2022 and of its loss for the period 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 for a period until 31 December 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 Strategic Report and Directors' Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Strategic Report and Directors' 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.

Bostik Adhesives Limited

Independent Auditor's Report to the Members of Bostik Adhesives Limited (continued)

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 there is 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.

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 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 Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, 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.

Bostik Adhesives Limited

Independent Auditor's Report to the Members of Bostik Adhesives Limited (continued)

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

Irregularities, including fraud, and 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.

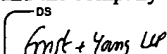
Our approach was as follows:

- 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 direct and indirect tax compliance regulation in the United Kingdom. In addition, the company has to comply with laws and regulations relating to its operations, including health and safety and GDPR.
- We understood how the company is complying with those frameworks by making enquiries of management and those charged with governance to understand how the Company maintains and communicates its policies and procedures in these areas, and corroborated this by reviewing supporting documentation.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and those charged with governance to understand where it considered there was susceptibility to fraud. We understood the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. We also performed risk assessment analytical procedures and identified the sources and types of journal entries in the company's financial processes. Any fraud risk factors identified were evaluated to identify risks of material misstatement due to fraud as well as the presumptive risks of material misstatement due to fraud in respect of revenue recognition and management override.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Where the risk was considered to be higher in respect of management override, including in respect of revenue recognised, we performed additional audit procedures to address the identified fraud risk. These procedures included the incorporation of data analytics into our testing of certain manual journals and revenue recognition. We considered the nature of these transactions and for those that we do not consider to be in the normal course of business and are not of a trivial value, we obtain evidence to support the validity of the transactions. Our procedures were designed to provide reasonable assurance that the financial statements were free from material misstatements arising from fraud. Our procedures also involved journal entry testing, with a focus on specific risk criteria, enquiries of management and those charged with governance.

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.

 ^{DS}
Ernst & Young LLP

Helen Hemming (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor, Birmingham, UK

20 October 2023

Bostik Adhesives Limited

Statement of total comprehensive income for the period ended 31 December 2022

	Note	15 month period ending 31/12/2022 £'000
Revenue	4	30,201
Cost of sales		(24,669)
Gross profit		5,532
Distribution costs		(1,894)
Administrative expenses – ongoing		(4,613)
Administrative expenses - Exceptional items	6	(8,931)
Operating loss	5	(9,906)
Finance costs	8	(574)
Loss on ordinary activities before income tax		(10,480)
Tax credit on ordinary activities	9	2,131
Loss for the financial year		(8,349)
Other comprehensive income for the financial year		-
Total comprehensive income for the financial year		(8,349)

The results for the current derive from continuing activities.

Bostik Adhesives Limited

Statement of financial position as at 31 December 2022

		2022 £'000
	Note	
Fixed assets		
Intangible assets	12	112,482
Property, plant and equipment	11	11,212
Right of use assets	13	50
Total non current assets		123,744
Current assets		
Inventories	14	3,432
Trade and other receivables	15	10,818
Cash and cash equivalents		1,205
Total current assets		15,455
Creditors: amounts falling due within one year	16	(11,579)
Net current assets		3,876
Total assets less current liabilities		127,620
Provisions for liabilities	18	(9,807)
Creditors: amounts falling due after more than one year	17	(8)
Net assets		117,805
Capital and reserves		
Called up share capital	19	126,154
Profit and loss account		(8,349)
Total shareholders' funds		117,805

The financial statements on pages 14 to 40 were approved by the board of directors on 20th October 2023 and were signed on its behalf by:

DocuSigned by:

Robert Massey

R Massey DC456... Robert Massey

Director

Registered number: 00068328

Bostik Adhesives Limited**Statement of changes in equity for the period ended 31 December 2022**

	Called up share capital £'000	Retained earnings £'000	Total £'000
At 21 October 2021	-	-	-
Issue of share capital	126,154	-	126,154
Loss for the year	-	(8,349)	(8,349)
Total comprehensive income for the period	-	(8,349)	(8,349)
At 31 December 2022	126,154	(8,349)	117,805

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022

1 General information

The principal activity of the company during the year was the manufacture of adhesives and coatings and is expected to remain so for the foreseeable future. The company is a private company limited by shares, is a subsidiary of Arkema Holding Limited and is incorporated and domiciled in the UK. The address of its registered office is Common Road Works, Common Road, Stafford, ST16 3EH. The financial statements were authorised for issue by the board of directors on 20 October 2023 and the balance sheet was signed on the board's behalf by R Massey.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements are prepared on a going concern basis and under the historical cost convention. The principal accounting policies applied in the preparation of these financial statements are set out below, and, unless otherwise stated, these policies have been consistently applied to all the periods presented. The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to produce group financial statements because it is a wholly owned subsidiary of Arkema SA, registered in France. These financial statements present information about the company as an individual undertaking and not about its group.

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 "Reduced Disclosure Framework (FRS 101) and, the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The company is a qualifying entity for the purposes of FRS 101. Note 23 gives details of the company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

The principal disclosure exemptions adopted by the company in accordance with FRS 101 are as follows:

- Statement of cash flows;
- IFRS 13 fair value disclosures;
- IAS 1 information on management of capital;
- IAS 8 disclosures in respect of new standards and interpretations that have been issued but which are not yet effective;
- IAS 24 disclosure of key management personnel compensation;
- IAS 24 disclosures in respect of related party transactions entered into between fellow group companies (the company has no other related party transactions); and
- Roll-forward reconciliations in respect of share capital (IAS 1), property, plant and equipment (IAS 16) and Intangible assets (IAS 38).

Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate.

The company is part of the Intra Group Treasury Agreement, with Arkema France, and as at 30 September 2023 the company has a balance of £31,025,000 ("the cashpool"). The company also had positive bank balance in its own bank account of £3,212,000 as at 30 September 2023.

Arkema France has confirmed that access to this cashpool funding will be available for a period until 31 December 2024.

In assessing the going concern position of the company for the period ended 31 December 2022, the Directors have considered the company's cash flows, liquidity and likely business activities over a period until 31 December 2024.

The directors have also considered a reverse stress test to identify the downside sensitivity assumptions which would need to arise in order for the business to need additional funding to continue in operation. Having identified and considered these assumptions, and after taking into consideration potential mitigating actions that the directors could take, including right sizing the cost base to reflect the potential trading downturn and the deferral of non-contractual payments, the directors have concluded that such a scenario is not plausible.

For this reason, the directors continue to adopt the going concern basis for the preparation of the financial statements.

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation of tangible and intangible fixed assets, apart from freehold land, is calculated on the cost of the assets so as to write off the cost or valuation, less estimated residual value, over the expected useful lives in equal annual instalments over the following periods:

Freehold property	– 20-45 years
Plant and machinery	– 12 years
Office machinery, fixtures and fittings	– 5-10 years
Computer equipment	– 3-5 years

The carrying values of plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. An item of 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 de-recognition of the asset is included in the income statement in the period of de-recognition.

Intangible Assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of consideration transferred, compared to the fair value of the acquired company at the acquisition date. Goodwill impairment reviews are undertaken annually or more frequently if events, or changes in circumstances indicate a potential impairment. The carrying value of the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed. The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a ‘true and fair view override’ to overcome the prohibition on the non-amortisation of goodwill in the Companies Act.

Software

Software development costs that are not integral to specific hardware are capitalised at cost. Amortisation commences when the software installation is complete and is charged over 3-5 years.

Customer list

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The expected useful lives is amortised in equal annual instalments over 17 years, and the amortisation is included in administrative expenses.

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

Intangible assets (continued)

Impairment

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's 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 and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

Provisions

Provisions are recognised when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are discounted where material to the company.

Inventories

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value. Cost is based on:

Raw materials and consumable	-	moving average cost
Work in progress and Finished goods	-	moving average cost of direct materials and labour, plus a proportion of manufacturing overheads, based on normal levels of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Financial instruments - Financial assets

Initial recognition and measurement

Financial assets at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristic. Trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient are measured at the transaction price determined under IFRS 15. The company only has financial assets that are measured at amortised cost

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

Financial assets at amortised cost

The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The company's financial assets at amortised cost includes trade receivables.

Trade and other debtors

Trade debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. When the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Impairment of financial assets

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Financial liabilities within the scope of IFRS9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet bank overdrafts are shown in current liabilities.

Dividends

The company recognises a liability to pay a dividend when the distribution is authorised and is no longer at the discretion of the Company.

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

Sales are recognized in accordance with IFRS 15 at the date when control over the product or the service is obtained by the customer. The assessment is made separately for each type of performance promise. The amount of sales is determined by the contractual agreement. To the extent that the purchase price refers to multiple sales transactions, the transaction price is allocated appropriately to the individual sales transactions.

Sales from selling products are recognised at a point in time, i.e. once the ownership or the risk is transferred to the customer.

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

Pensions and other post-employment benefits

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Foreign currencies

The functional and presentational currency of the company is Sterling. Transactions denominated in foreign currencies are recorded in Sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange prevailing at that date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the income statement

Leases as a Lessee

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Motor vehicles and other equipment: 3 to 5 years

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment under IAS36.

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

2 Summary of significant accounting policies (continued)

Leases as a Lessee -(continued)

ii) Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and variable lease payments that depend on an index or a rate.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The company's lease liabilities are included in either creditors falling due within 1 year or creditors falling due after 1 year.

iii) Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

3 Critical accounting estimates and judgment

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the performance of the assets of the Cash Generating Unit (CGU) being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill. The key assumptions used to determine the recoverable amount including a sensitivity analysis, are disclosed and further explained in Note 12.

Inventory provisioning

The company designs, manufactures and sells adhesives and coatings and is subject to changing industry and consumer demands. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required.

When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

Impairment of trade receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience in accordance with IFRS9.

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

4 Revenue

The company's turnover and profit on ordinary activities before taxation arise primarily from its principal activity of the manufacture of adhesives and coatings.

Geographical analysis of turnover is as follows:

	15 month period ending 31/12/2022 £'000
United Kingdom	6,157
Rest of Europe	18,111
China	4,750
United States	421
Rest of World	762
Total	30,201

5 Operating loss

Operating loss before exceptional items is stated after charging/(crediting):

	15 month period ending 31/12/2022 £'000
Auditors' remuneration:	
Services relating to statutory audit	50
Depreciation and other amounts written off:	
Property, plant and equipment	1,009
Right of use assets	43
Amortisation of intangible assets	2,066
Research expenditure	846
Foreign exchange	(18)

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

6 Exceptional items

	15 month period ending 31/12/2022 £'000
Impairment of customer list	6,670
Other exceptional acquisition costs	2,261
Total	8,931

Exceptional items relate solely to costs associated with the acquisition of the Ashland assets by the company as well as the exceptional impairment charge of £6,670,000 to reflect the true value of the customer list ascribable to the UK portion of the Ashland acquisition for Bostik Adhesives Limited.

In addition to the impairment charge, exceptional costs have also been recognised in relation to set up costs associated with establishing the business, stamp duty on the transfer of the title of the land and buildings, professional fees and the unwinding of a fair value adjustment for the value of the inventory.

7 Staff numbers and costs

During the initial months, there were no employees within the business. The average number of employees is therefore calculated from the commencement of trade at 1 March 2022 until 31 December 2022. The average number of persons analysed by category, was as follows:

	15 month period ending 31/12/2022 Number
Production	44
Sales and distribution	4
Administration	12
	60

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

7 Staff numbers and costs

The aggregate payroll costs of these persons were as follows:

	15 month period ending 31/12/2022 £'000
Wages and salaries	1,829
Social security costs	182
Defined contribution pension costs	220
	2,231

Directors are remunerated as part of their role within the wider group and not through Bostik Adhesives Limited. Any service to the company from these directors is inconsequential.

8 Finance expense

Net finance expense	15 month period ending 31/12/2022 £'000
Group borrowings	569
Fees from Bank	3
Other interest payable	2
	574

Interest charges on Group borrowings relate to the initial loan of £126m to acquire the trade and assets of Ashland. This loan has subsequently been converted into share capital on 26 July 2022.

Interest charges on Group borrowings accrue on a daily basis at a commercial interest rate and, during the reporting period, the interest rate range was between 1.0444% to 4.0282%.

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

9 Income tax expense on ordinary activities

	15 month period ending 31/12/2022 £'000
UK corporation tax:	
Current tax arising in the year	-
Total current tax	-
Deferred tax:	
Origination and reversal of timing differences	(2,131)
Total deferred tax	(2,131)
Total tax	(2,131)

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 19% . The actual tax charge for the year is higher) than the standard rate for the reasons set out in the following reconciliation:

	15 month period ending 31/12/2022 £'000
Loss on ordinary activities before tax	(10,480)
Tax on profit on ordinary activities at standard rate (19%)	(1,991)
Factors affecting charge for the year:	
Disallowable expenditure	276
Change in tax rate	(416)
Total tax for the year	(2,131)

Changes to tax rates

The Finance Act 2020 (enacted on 22 July 2020) maintained the statutory corporation tax rate of 19% as applicable in the previous year. The 2021 Budget announcement, to increase the main corporation tax rate to 25%, effective from 1 April 2023, was substantively enacted on 24 May 2021.

Deferred taxes on the balance sheet have principally been measured at 25% which represents the future corporation tax rate that was enacted at the balance sheet date.

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

10 Deferred tax liabilities and assets

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current period. Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25%

	2022 £'000
Movement on deferred taxation balance in the year	
At 21 October 2021	-
Acquired on business acquisition	11,688
Income statement (note 9)	(2,131)
At 31 December	9,557
	2022 £'000
Depreciation in excess of capital allowances	1,394
Losses	(72)
Intangibles	8,235
Total deferred tax liability	9,557

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

11 Property, plant and equipment

	Land and buildings £'000	Plant, office and machinery £'000	Total £'000
Cost			
At 21 October 2021	-	-	-
Acquired through business combination	5,570	6,078	11,648
Additions	5	568	573
At 31 December 2022	5,575	6,646	12,221
Accumulated depreciation			
At 21 October 2021	-	-	-
Charge for the period	(340)	(669)	(1,009)
At 31 December 2022	(340)	(669)	(1,009)
Net book amount			
At 31 December 2022	5,235	5,977	11,212
At 21 October 2021	5,570	6,208	11,648

Depreciation has not been charged on freehold land, which is stated at its cost of £189,720.

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

12 Intangible assets

	Software £'000	Customer Lists £'000	Goodwill £'000	Total £'000
Cost				
At 21 October 2021	-	-	-	-
Originating through business combination	236	41,800	79,413	121,449
Additions	1	-	-	1
At 31 December 2022	237	41,800	79,413	121,450
Accumulated depreciation				
At 21 October 2021	-	-	-	-
Originating through business combination	(232)	-	-	(232)
Impairment	-	(6,670)	-	(6,670)
Charge for the year	(1)	(2,065)	-	(2,066)
At 31 December 2022	(233)	(8,735)	-	(8,968)
Net book value				
At 31 December 2022	4	33,065	79,413	112,482
At 21 October 2021	-	-	-	-

The recoverable amount of intangible assets, as well as property, plant and equipment is tested as soon as any indication of impairment is identified. A review to identify if any such indication exists is performed at each year-end, based on a five-year plan validated by management. This impairment test is performed at least once a year and includes goodwill to determine the recoverable amount. Recoverable amount is the higher of Fair Value Less costs to Dispose (FVLCD) or Value in use (VIU). Given the proximity to the market transaction, being the acquisition from Ashland on 28 February 2022, management consider that FVLCD is in line with the price paid at acquisition. In drawing this conclusion, they have considered whether there have been any internal or external factors that would indicate any material changes to this value. These factors will continue to be reviewed in future years to determine the recoverable amount.

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

13 Leases

The company has lease contracts for various vehicles used in its operations which generally have lease terms between 3 and 5 years.

The company applies the 'lease of low-value assets' recognition exemptions for certain leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Right of use asset	Vehicles £'000	Total £'000
As at 21 October 2021	-	-
Additions	92	92
Depreciation	(43)	(43)
As at 31 December 2022	49	49

Set out below are the carrying amounts of lease liabilities (included in creditors) and the movements during the period:

Lease liability	Vehicles £'000	Total £'000
As at 21 October 2021	-	-
Additions	93	93
Accretion of interest	1	1
Payments	(44)	(44)
As at 31 December 2022	50	50

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

13 Leases (continued)

The lease liability maturity profile on a discounted basis are as follows:

	Vehicles £'000	2022 Total £'000
Within one year	42	42
In the second to fifth years inclusive	8	8
	50	50

14 Inventories

	2022 £'000
Raw materials and consumables	2,148
Finished goods and goods for resale	1,284
	3,432

In the opinion of the directors there is no significant difference between the replacement cost of stocks and their value above. Inventories are stated after provisions for impairment of £390,000.
The amount of inventories recognised in cost of sales is £20,210,000

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

15 Trade and other receivables

	2022 £'000
Trade receivables	858
Amounts due from group undertakings	9,140
Other taxes and social security	670
Prepayments and accrued income	150
	10,818

£9,140,000 relates to trade receivables from group undertakings and is not interest bearing. All amounts are unsecured and are payable on demand. Trade receivables are stated after provisions for impairment of £14,000.

16 Creditors: amounts falling due within one year

	2022 £'000
Amounts due to group undertakings	5,796
Accruals and deferred income	3,996
Trade creditors	1,745
Lease liability (note 13)	42
	11,579

Amounts due to group undertakings include £5,114,000 which relates to the cash pooling arrangements operated by the Arkema Group. Balances attract interest on a daily basis at a rate linked to the daily market rates obtained by our Group Treasury function.

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

17 Creditors: amounts falling due after more than one year

	2022 £'000
Lease liability (note 13)	8
	8

18 Provisions for liabilities

	2022 £'000
Waste disposal provision	250
Deferred tax liability (note 10)	9,557
	9,807

After the period end, a liability was identified that related to the costs associated with the safe disposal of production waste. The estimated costs of this is £250,000 and this has been fully provided for in these financial statements, the settlement in relation to the cost of disposal of production waste is anticipated to be completed within one year of the signing of these financial statements and is not expected to reoccur.

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

18 Provisions for liabilities (continued)

	Deferred tax £'000	Waste disposal £'000	Total £'000
As at 21 October 2021	-	-	-
Accrued	-	250	250
Acquired on hive up	11,688	-	11,688
Released to profit	(2,131)	-	(2,131)
As at 31 December 2022	9,557	250	9,807

19 Share capital

	2022 £
Allotted and fully paid	
Issued on incorporation 100 ordinary shares of £1 each	100
Share issue 126,154,000 ordinary shares of £1 each	126,154,000
	126,154,100

On 21 October 2021, the company issued 100 shares of £1 for a total consideration of £100.

On 26 July 2022, the company issued 126,154,000 shares of £1 for total consideration of £126,154,000.

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

20 Acquisition

The company acquired a portion of the Ashland LLC performance additives business on 1 March 2022, the Ashland acquisition was a larger group wide acquisition by the Arkema group. The fair values of the identifiable assets and liabilities of Bostik Adhesives Limited as at the date of acquisition were:

	Acquisition Value £'000
Assets	
Customer Lists	41,800
Property, plant and equipment	11,648
Trade receivables	1,337
Inventories	4,123
Total Assets	58,908
Liabilities	
Accruals	(25)
Deferred tax	(11,687)
Total Liabilities	(11,712)
Total identifiable net assets	47,196
Goodwill	79,413
Purchase consideration transferred	126,609

Bostik Adhesives Limited

Notes to the financial statements for the period ended 31 December 2022 (continued)

21 Capital management, financial risk management objectives and policies

An explanation of the company's financial instrument risk management objectives, policies and strategies is set out in the directors' report. The directors consider that the company has minimal sensitivity to interest rate and foreign currency risk and hence have not presented sensitivity analysis. The primary objectives of the company's capital management are to ensure that the company maintains strong credit ratings, manages its cash flow and debtors and maintain healthy capital ratios in order to support its business and to maximise shareholders' value

22 Subsequent events

On 10 February 2023 the company transferred a portion of the customer list intangible asset identified at the acquisition set out in Note 20 to fellow group companies for a consideration of £31,714,000 reflecting neither a gain nor a loss on the transfer.

23 Ultimate parent company and controlling party

The company's immediate parent undertaking is Arkema Holding Limited, a company incorporated in the United Kingdom. Its registration number is 00868680.

In the directors' opinion the company's ultimate parent undertaking and controlling party is Arkema SA, a company incorporated in France. This is the largest and smallest entity in which the company is consolidated. Arkema S.A.'s registered office and the address from which group financial statements can be obtained is 420 rue d'Estienne d'Orves, 92700 Colombes, registered with the Nanterre Register of Companies, registration number 445 074 685 R.C.S.