

A Schulman Inc. Limited

Annual Report and Financial Statements
for the year ended 31 December 2021

Company registration number: 00512225

THURSDAY



ABDKV512

A44

29/09/2022

#116

COMPANIES HOUSE

A SCHULMAN INC. LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2021

Contents

	Page
Officers and professional advisers	2
Strategic report	3
Directors' report	6
Independent auditors' report to the members of A Schulman Inc. Limited	12
Income Statement	15
Statement of Comprehensive Income	16
Statement of Financial Position	17
Statement of Changes in Equity	18
Notes to the financial statements	19

A SCHULMAN INC. LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

S L Bishop
H Kalidas

Company Secretary

Citco Management (UK) Limited

Registered Office

Croespenmaen Industrial Estate East
Maes-Yr-Haf Lane, Crumlin
Newport,
Wales
NP11 3AF
United Kingdom

Bankers

Bank of America NA
2 King Edward Street
London
EC1A 1HQ

Independent Auditors

PricewaterhouseCoopers LLP
One Kingsway
Cardiff
CF10 3PW

A SCHULMAN INC. LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their Strategic Report on the company for the year ended 31 December 2021.

Review of the business

The directors are satisfied with the performance in the year during difficult circumstances from COVID-19 lockdown restrictions. The Company was able to continue production during Covid-19 due to its classification as an essential industry. Turnover for the year has decreased to £35,284,000 (year to 31 December 2020: £43,170,000). The profit for the financial year was £1,068,000 (year to 31 December 2020: profit £6,869,000) which will be transferred to reserves.

At the balance sheet date, the net assets of the company totalled £30,342,000 (31 December 2020: £28,168,000). The statement of Financial Position is set out on page 17.

Sales volume, revenue and gross profit has decreased versus the prior period. The directors hope to continue to see operational growth in future and every effort is being made to regain the momentum made pre lockdown in the lucrative Colour market. As in previous periods, the company remains as the standard Colour Masterbatch producer for the LyondellBasell group and this area of the business that will be of focus in the rebound of the lockdown. Production decreased for the year to 10,061t (year to 31 December 2020: 10,652t).

The Crumlin site is part of the business segment called Advanced Polymer Solutions (APS) and continues to be the centre of production for standard colours for LyondellBasell and distribution function into LyB's direct sales model in Europe. The company manufactures Advanced Polymer Solutions (APS) products for Basell Sales and Marketing B.V. (BSM) in the Netherlands, from which BSM resells the APS products to external customers.

Brexit

The company implemented LyB's logistical management systems for BREXIT and there was no significant impact on the company, however the company continues to assess the risks.

COVID-19

The events surrounding the COVID-19 pandemic continue to evolve and impact global markets. The spread of COVID-19 has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. Consequently, economic conditions, including commodity prices, have been increasingly volatile. Many of our facilities and employees are based in areas impacted by the virus.

In response to the pandemic, the LyondellBasell Group continues to work with our stakeholders (Including customers, employees, suppliers, business partners and local communities) to attempt to mitigate the impact of the global pandemic on our business, including implementing policies and procedures to promote the safety of our employees, proactively reducing costs intended to allow us to protect against further risk and investing in initiatives to support our long term growth, while also focusing on maintaining liquidity. However, we cannot assure these mitigation efforts will continue to be effective.

With the continued implementation of vaccines as another tool to mitigate and deal with the pandemic authorities in various parts of the globe have lifted restrictions initially set out to deal with the pandemic.

A SCHULMAN INC. LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Future developments

The directors expect the company to perform satisfactorily during the forthcoming financial year, based upon current year trading as restrictions have been lifted and demand increased. The ultimate impact of Covid-19 will have on our future financial position, operating results and cash flows involves numerous risks and uncertainties, including new information which may emerge concerning the severity and duration of Covid-19 and actions to contain the virus or treat its impact. As a result the directors expect the trading conditions for 2022 and 2023 to be impacted by Covid-19.

Key performance indicators

The directors believe that the key performance indicators ('KPIs') are revenue and profitability.

Turnover for the year has decreased to £35,284,000 (year to 31 December 2020: £43,170,000) due to the impact of the COVID-19 lockdown restrictions. The company anchored the sales of Masterbatch Colours that were manufactured and sold to other group companies within Europe. The group strategy is to continue to make these products at Crumlin and to sell intercompany.

The profit for the financial year was £1,068,000 (year to 31 December 2020: profit £6,869,000) which will be transferred to reserves. The Statement of Financial Position is set out on page 17.

Cost of sales have increased as a proportion of revenue resulting in a decrease in gross profit margins to 12% (year to 31 December 2020: 21%). This is due to a number of factors including the impact of foreign currency movements on the cost of raw materials purchased, energy prices, worldwide oil markets plus greater internal sales where prices are determined by the intercompany transfer pricing policy.

Operating margins in relation to sales have decreased to 3% (year to 31 December 2020: 13%). The company has continued its efforts to control costs and to work as efficiently as possible to aid the overall European result.

The company prioritises the health and safety of its employees and it recorded one lost time accident for the period (year to 31 December 2020: one).

Due to the company restructure of centralising services there has been a decrease in employee numbers during the year and the company continues to utilise agency workers where necessary. There has been no significant turnover of staff and the company continues to maintain a mature workforce.

The Statement of Financial Position page 17 provides details of the net asset position at the year end.

Principal risks and uncertainties

The management of the business is subject to a number of risks including commercial risk, credit risk and pricing risk. The mitigation of these risks has been outlined below.

Commercial risk

The group operates in a very competitive market and there is a delicate balance between price and product availability. The company continues to rely on external production of Masterbatch for intercompany sales. Lead times can be an issue and this can have an effect on sales if Production lines in Europe are already running at full capacity. This was again mitigated in 2021 with more in-house production using temporary labour to support demand.

A SCHULMAN INC. LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties (continued)

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is continually reviewed by the senior management team and central credit team.

Financial risk management

The company's operations expose it to a variety of financial risks that include pricing risk, credit risk, and currency risk. The company has in place a risk management process that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of foreign currency exposure, accounts receivable credit exposure and the related finance costs.

In order to ensure stability of cash out flows and hence manage interest rate risk, the company is supported by fellow group operations. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

The policies set by the board of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage all aspects of financial risk defined above.

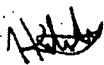
Currency risk

The company is exposed to currency risk as a result of its operations. Any requirement for hedging currency exposure is managed centrally in the LyondellBasell Global Treasury function. The company operates foreign currency bank accounts as it receives receipts and payments in other currencies (mainly euros) as a result of its European operations.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities in the form of intercompany cashpool balances covering GBP and Euro currencies. The management of the cashpool activities is carried out by an intercompany Treasury team.

On behalf of the board



Director : H Kalidas

Date : 29 September 2022

A SCHULMAN INC. LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their Report and the audited financial statements of the company for the year ended 31 December 2021. All amounts disclosed in the financial statements are rounded to the nearest £'000.

Principal activities

The company's principal activity during the year was the manufacture and sale of proprietary plastic compounds. The company's new operation model is to manufacture Advanced Polymer Solutions (APS) products for BSM in the Netherlands, from which BSM resells the APS products to external customers.

Review

The results for the financial year are set out in the Income Statement on page 15. The result for the financial year ended 31 December 2021 was a £1,068,000 profit (year to 31 December 2020: £6,869,000 profit). Future developments are disclosed in the Strategic Report.

Dividends

The directors do not recommend the payment of a dividend (2020: £nil).

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the parent company LyondellBasell Industries N.V.

Financial risk management

Details of the company's financial risk management policies can be found within the 'Principal risks and uncertainties' section of the Strategic Report.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

S L Bishop
H Kalidas

Directors during the year had no interests in the shares of any company within the group.

Secretary

Citco Management (UK) Limited

A SCHULMAN INC. LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

Third party indemnity provision

The company has made qualifying third-party indemnity provisions for the benefit of its directors (which extend to the performance of any duties as a director of any associated company) and these remain in force at the date of approval of the financial statements.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Health and safety

The company is committed to ensuring the safety of its employees, our customers and communities. As a global, socially responsible corporate citizen, we will conduct our business with the highest ethical and legal standards. To achieve these goals the Company will continue to:

- Comply with applicable environmental, health and safety regulations, laws and LyondellBasell standards.
- Establish systems and set corporate goals that seek continuous improvement.
- Integrate safety and environmental standards into key business decisions.

Political and charitable donations

The company made no political or charitable donations in the year (2020: £nil).

Disclosure of information to auditors

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

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- Each director has taken all the steps that he/she should have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

A SCHULMAN INC. LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

Directors' Statement in performance of their duties under section 172(1)

Directors duties

Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

'a director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct;
- and
- the need to act fairly as between shareholders of the company.'

The following paragraphs summarise how the Directors' fulfil their duties:

Risk Management

We process polymers by compounding additives and colourants into the polymer to enhance the materials properties which is then distributed for use within the Film production and Moulding Industry to a variety of end user industries in the UK and Europe. With the centralised BSM operating model, the Company's primary focus is on weekly safety, quality, production and cost KPI's. The Company also has contingency plans in the event of plant outages.

Customers are supplied through internal manufacturing assets, which is managed via our ongoing capital investment programme to in order to adapt to changing market conditions. Our aim is that our manufacturing operations are safe, flexible, reliable and sustainable with minimum waste. We consider the main business risks to be those associated with equipment outage, raw material availability, health and safety, compliance with regulatory standards, climate change and loss of business due to third party customer issues. During the year there were also additional risks associated with Brexit and Covid-19 to manage. Both risks were managed successfully as the Company has the ability to transfer production to other plants in Europe and the Company was able to continue production during Covid-19 due to its classification as an essential industry.

Given the nature of our products and the regulatory environment we operate in, we foster a no risk approach towards breaches of policy and controls in critical areas, such as regulatory standards, health and safety. We have well defined review processes and controls to monitor and meet these goals. We also are able to draw on the wider LYB corporate standards where required to help meet our objectives.

Our People

A key principle of how the Company conducts our business is to protect the health and safety of our employees, contractors and the communities where we operate. We have adopted "GoalZERO" approach which means we are committed to operating safely with zero injuries, zero incidents and zero accidents. We are committed to our employees and their safety, and to ensuring that all of our colleagues get home safely every day. All employees have adequate training to ensure that they are competent to perform their roles. Our Operators who hold Licences for Forklifts and Access Equipment, Fire Marshall and First Aiders all receive renewal refresher training. The Company provides all Production staff a formalised process to encourage learning based on a Grading System. The Company participates in Apprenticeships scheme to ensure good handover as our more experienced employees retire.

A SCHULMAN INC. LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

Directors' Statement in performance of their duties under section 172(1) (continued)

Our People (continued)

The group engages with staff via worldwide Townhall meetings and at a local level we hold Shop Floor meetings focused on safety, performance and projects. In 2021, the site participated in the LYB MyVoice questionnaire, an anonymous process allowing employees to feedback on a range of topic regarding the organisation and the site. All employees attend regular Health and Safety meetings during the year and, in line with company policy, all accidents are reported to LYB the group corporate body. One recordable accident was recorded in 2020 at the Crumlin site. There were Covid safe protocols in place to ensure staff could work safely.

Business Relationships

LYB sales and marketing is centralised, with the majority of sales made through the new operating model, whereby the Company manufactures products for Basell Sales and Marketing Company (BSM) in the Netherlands which then distributes to external customers. As such BSM notify the Company of customer demand and opportunities in the polymer market. BSM and the Company are supported by a centralised Technical Centre, which is based on the Gainsborough site, in the development of projects with customers.

Community and environment

We enable our employees to support the local communities around us by sponsorship of local amenities and donations from our site.

We recognise that our manufacturing operations need to be sustainable with minimum waste, which we continually influence via our capital expenditure program and ongoing continuous improvement efforts. As part of LYB, we are committed to helping eliminate plastic waste and are engaged in collaborative efforts across the value-chain to direct action where it is needed most. We are advancing technologies and innovations that will help conserve finite resources and retain their value for as long as possible. We comply with relevant environmental regulations and there has been 1 environmental audit in the year.

Culture and values

We recognise the importance of having the right culture throughout the organisation. There is a group wide code of conduct which covers topics such as fair and accurate business dealings, corruption, health and safety, discrimination, and environmental protection. To ensure all employees of the Company understand their obligation, the code of conduct is supplemented by annual on-line training mandatory and voluntary modules which cover; code of conduct, anti-bribery and corruption, diversity and work place violence. There is a whistle blowing line details of which are made available on communal notice boards or staff can use the "Ethics Point" website.

Shareholders

We maintain a continuing effective dialogue with our shareholder and parent company. Our strategy and objectives are developed in conjunction with the wider LyondellBasell Group strategy. We do this by participating in the wider strategy to consistently deliver industry leading performance by; safely and reliably delivering high quality products to customers, being the company of choice for employees and shareholders and being a responsible, good neighbour in the communities where we operate.

A SCHULMAN INC. LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

Streamline energy and carbon reporting (SECR)

The Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2018 requires the company to disclose annual UK energy consumption and Greenhouse Gas (GHG) emissions from SECR regulated sources. Energy and GHG emissions have been independently calculated by Envantage Ltd for the 12-month period ending 31st December 2021.

Reported energy and GHG emissions data is compliant with SECR requirements and has been calculated in accordance with the GHG Protocol and SECR guidelines. Energy and GHG emissions are reported from buildings and transport where operational control is held – this includes electricity, gaseous fuels such as natural gas and LPG, and business travel in company-owned vehicles and grey fleets. The table below details the SECR-regulated energy and GHG emission sources from the current and previous reporting periods.

Energy consumption used to calculate emissions (kWh):

	2021	2020	% Change
Electricity	7,516,909	7,608,327	(1.2%)
Company vehicles	20,426	19,194	6.4%
LPG	213,400	240,537	(11.3%)
Total energy	7,750,736	7,868,058	(1.5%)

Emissions in tonnes CO₂e:

		2021	2020	% Change
Scope 1	LPG	45.8	51.6	(11.2%)
Scope 1	Company vehicles	5.0	4.5	11.1%
Scope 2 (MBM*)	Electricity	0	0	0
Total	Total gross tonnes CO ₂ e	50.8	56.1	(9.4%)

Emissions intensity ratio

Gross tonnes CO ₂ e per £'m turnover	1.4	1.3	7.7%
---	-----	-----	------

*Location based methodology 1,596.1 CO₂e (FY20 1,773.8)

The company is committed to reducing its environmental impact and contribution to climate change through continuous improvement procedures. As part of LyondellBasell Group committed to an absolute reduction of 30% in scope 1 and scope 2 emissions by 2030 relative to a 2020 baseline and net-zero GHG emissions from global operations by 2050, in support of the Paris Agreement. The energy-saving initiatives implemented within the reporting period include:

1. Replacing LPG fork truck fleet with electric alternatives
2. Replacing three forklifts with alternative pedestrian operating vehicles
3. The instalment of LED lighting across various locations on the site
4. Implementation of a new weekend shutdown routine to ensure equipment is switched off when not in use.

Methodology

Electricity disclosure have been calculated using metered kWh consumption taken from supplier fiscal invoices where available.

GHG emissions associated with Scope 2 purchased electricity have been reported using both market-based and location-based methodologies. Only emissions calculated using the market-based methodology have been carried into the total emissions figure – location-based emissions have been included for comparison only.

Fuel volumes have been converted into equivalent energy and GHG emissions using emissions factors published by BEIS in 2021. Vehicle information such as engine size and type were not held against each mileage claim, therefore a vehicle of average size and fuel type was assumed.

A SCHULMAN INC. LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.


Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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



On behalf of the board

Director : H Kalidas

Date : 29 September 2022

A SCHULMAN INC. LIMITED

Independent auditors' report to the members of A. Schulman Inc. Limited

Report on the audit of the financial statements

Opinion

In our opinion, A Schulman Inc. Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Statement of Financial Position as at 31 December 2021; Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on

the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

A SCHULMAN INC. LIMITED

Independent auditors' report to the members of A. Schulman Inc. Limited (continued)

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

- enquiries of management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud
- reviewing relevant meeting minutes, including those of the Board; and
- identifying and testing journal entries, in particular unusual account combinations to income, where any such journals were identified

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

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

A SCHULMAN INC. LIMITED

Independent auditors' report to the members of A. Schulman Inc. Limited (continued)

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Jonathan Bound (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
29 September 2022

A SCHULMAN INC. LIMITED
INCOME STATEMENT

	Notes	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Turnover	5	35,284	43,170
Cost of sales		(31,215)	(33,994)
Gross profit		4,069	9,176
Distribution costs		(1,064)	(1,062)
Administrative expenses		(1,873)	(2,632)
Operating profit	6	1,132	5,482
Interest receivable and similar income	8	-	25
Interest payable and similar expenses	8	(41)	(70)
Net interest income / (expense)	8	(41)	(45)
Profit before taxation		1,091	5,437
Tax on profit	9	(23)	1,432
Profit for the financial year		1,068	6,869

A SCHULMAN INC. LIMITED

STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Profit for the financial year		1,068	6,869
Other comprehensive income/(expense)			
Remeasurements of net defined benefit obligation	14	1,383	(950)
Movement on deferred tax relating to pension deficit	9, 15	(277)	181
Other comprehensive income/(expense) for the year, net of tax		1,106	(769)
Total comprehensive income for the year		2,174	6,100

A SCHULMAN INC. LIMITED
STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Fixed assets			
Tangible assets	10	2,260	2,311
Current assets			
Inventories	11	8,704	6,490
Debtors: amounts falling due within one year	12	28,835	28,226
Debtors: amounts falling due after more than one year	15	218	521
		37,757	35,237
Creditors: amounts falling due within one year	13	(9,051)	(6,545)
Net current assets		28,706	28,692
Total assets less current liabilities		30,966	31,003
Post-employment benefits	14	(624)	(2,835)
Net assets		30,342	28,168
Capital and reserves			
Called up share capital	17	30	30
Other reserves		55	55
Retained earnings		30,257	28,083
Total equity		30,342	28,168

The notes on pages 19 to 36 are an integral part of these financial statements.

The financial statements on pages 15 to 36 were authorised for issue by the board of directors on 29 September 2022 and were signed on its behalf



Director: H Kalidas

A Schulman Inc. Limited
Company registration number: 00512225

A SCHULMAN INC. LIMITED
STATEMENT OF CHANGES IN EQUITY

	Called up share capital £'000	Other reserves £'000	Retained earnings £'000	Total £'000
Balance as at 1 January 2020	30	55	21,983	22,068
Profit for the financial year	-	-	6,869	6,869
Remeasurement of net defined benefit obligation	-	-	(950)	(950)
Movement on deferred tax relating to actuarial gains	-	-	181	181
Other comprehensive expense for the year	-	-	(769)	(769)
Total comprehensive income for the year	-	-	6,100	6,100
Balance as at 31 December 2020	30	55	28,083	28,168
Balance as at 1 January 2021				
Profit for the financial year	-	-	1,068	1,068
Remeasurement of net defined benefit obligation	-	-	1,383	1,383
Movement on deferred tax relating to actuarial gains	-	-	(277)	(277)
Other comprehensive expense for the year	-	-	1,106	1,106
Total comprehensive income for the year	-	-	2,174	2,174
Balance as at 31 December 2021	30	55	30,257	30,342

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

A Schulman Inc. Limited principal activities are the manufacture and supply of Advance Polymer solution products for Basell Sales and Marketing B.V. in the Netherlands, from which BSM resells the APS products to external customers. The company is a private company limited by shares and incorporated in the United Kingdom. The registered office is shown on page 2.

2. Statement of compliance

The individual financial statements of A Schulman Inc. Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3. 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.

(a) Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4. The current period of account is the year ended 31 December 2021.

(b) Going concern

In considering the appropriate basis on which to prepare the financial statements, the directors are required to consider whether the Company can continue in operational existence for a period of at least 12 months from the approval of the financial statements. The company meets its day-to-day working capital requirements through its group's centralised treasury cash pooling arrangement with other LyB operation in Europe. The majority of sales are now made through a new operating model, whereby the Company manufactures products for Basell Sales and Marketing Company (BSM) in the Netherlands which then distributes the products to external customers. The Company is reliant upon BSM and support of the ultimate parent company LyondellBasell Industries N.V. to continue as a going concern. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company LyondellBasell Industries N.V. The directors have received confirmation that LyondellBasell Industries N.V. intends to support the company for at least one year after these financial statements are signed.

(c) Exemptions for qualifying entities under FRS 102

Cash flow statement and related party disclosures

The company is included in the consolidated financial statements of LyondellBasell Industries N.V. Which will be publicly available. Consequently, as the company is a 100% owned subsidiary, the company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, LyondellBasell Industries N.V., includes the company's cash flows in its own consolidated financial statements.

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(c) Exemptions for qualifying entities under FRS 102 (continued)

The company has taken advantage of the exemption, under FRS 102 paragraph 26.18(b), 26.19 to 26.21 and 26.23, concerning group equity instruments and has not disclosed the share-based payments of any director as they are share-based payment arrangements which concern equity instruments of the Schulman group entity. Equivalent disclosures have been made in the groups consolidated financial statements.

(d) Foreign currency

(i) *Functional and presentation currency*

The company's functional and presentation currency is the pound sterling.

(ii) *Transactions and balances*

Transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transactions is included as an exchange gain or loss in the income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Non-monetary items measured at historical costs are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

(e) Turnover recognition

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company, and value added taxes. The company bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The company recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of turnover can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the company's sales channels have been met, as described below.

(i) Sale of goods

The company shall recognise revenue from the sale of goods when all the following conditions are satisfied:

- (a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(ii) Rendering of services

The company shall recognise revenue from the performance of a service when the service has been fully completed.

(iii) Interest income

Interest income is recognised using the effective interest rate method.

(iv) Royalty income

The company recognises royalty income received from Basell Sales and Marketing Company B.V. on a fixed percentage of sales arrangement. Royalty income is recognised on an accruals basis.

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(f) Exceptional items

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

(g) Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the year in which the service is received.

(ii) Defined contribution pension plans

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

(iii) Defined benefit pension plan

The company operates a defined benefit scheme for certain of its employees. The fund is valued every three years by a professionally qualified, independent actuary, the rates of contribution being determined by the actuary. The fund obligations are measured at discounted present value using the projected unit credit method, whilst plan assets are recorded at fair value.

The operating and financing costs of such plans are recognised separately in the Income Statement. Service costs are spread systematically over the expected service lives of employees and financing costs are recognised in periods in which they arise. Actuarial gains and losses are recognised immediately in the statement of comprehensive income.

(iv) Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the income statement when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

(h) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting year. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(h) Taxation (continued)

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

(i) Group relief

Group relief is surrendered to/received from other group companies for no consideration.

In specific circumstances, individual group companies may reach agreement between themselves to surrender and/or receive group relief for consideration within the tax on profit on ordinary activities with the Income Statement.

Should group relief be surrendered to/received from other group companies for consideration, the consideration paid will reflect, at a minimum, the corporation tax amounts surrendered and/or received. These amounts are reported as expenses or benefits within the tax on profit on ordinary activities within 'Retained earnings'.

On a discretionary basis, group companies, may agree to compensate for amounts in excess of the corporation tax amounts surrendered and/or received. In this instance, the excess over the corporation tax amount is shown as a separate movement within the 'Retained earnings' reserve on the Statement of Financial Position.

(j) Tangible assets

Tangible fixed assets are stated at historic purchase cost, net of accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and costs attributable to bringing the asset into its working condition for its intended use.

(i) Land and buildings

Land and buildings include freehold factories and offices. Land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses.

(ii) Plant and machinery and fixtures, fittings, Computers, tools and equipment

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation and residual values

Freehold land is not depreciated. The fixed assets have been depreciated on a straight line basis at rates calculated to reduce the net book value of each asset to its estimated residual value by the end of its expected useful economic life in the company's business, and the rates are as follows:

Freehold buildings	- 40 years
Plant and machinery	- 5 to 10 years
Fixtures, fittings, computers, tools and equipment	- 5 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(j) Tangible assets (continued)

(iv) Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

(v) Assets in the course of construction

Assets in the course of construction are stated at cost. These assets are not depreciated until it is available for use.

(vi) De-recognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

(k) Leased assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease.

(l) Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the weighted average cost method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. The cost of manufactured finished goods and work in progress includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity). At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the impairment charge is recognised in the Income Statement.

(m) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid intercompany balances with a maturity of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(n) Impairment of non-financial asset

At each Statement of Financial Position date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit). The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Income Statement, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Income Statement.

(o) Provisions and contingencies

(i) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular:

- (a) Restructuring provisions are recognised when the company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and
- (b) Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(ii) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3. Summary of significant accounting policies (continued)

(p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the Statement of Changes in Equity.

(r) Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

(s) Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

The company only enters into basic financial assets, including trade and other receivables and cash and bank balances. These are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and balances due to from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

4. Critical accounting judgements and estimation uncertainty

In applying the accounting policies detailed above, decisions sometimes have to be made as to the likely outcome of future events. Those judgements and estimates made in preparing the financial statements are based on historical experience and assumptions that the directors believed were reasonable in the circumstances.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the property plant and equipment, and note 3 for the useful economic lives for each class of assets.

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4. Critical accounting judgements and estimation uncertainty (continued)

(ii) Inventory provisioning

The company manufactures and sells polymer powder for use in a wide variety of applications in the plastics industry. 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 sale ability of finished goods and future usage of raw materials. See note 11 for the net carrying amount of the inventory and associated provision.

(iii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of the debtors and associated impairment provision.

(iv) Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. See note 14 for the disclosures relating to the defined benefit pension scheme.

5. Turnover

Analysis of turnover by geography	2021 £'000	2020 £'000
United Kingdom	205	9,999
Rest of Europe	35,079	33,149
Rest of World	-	22
	35,284	43,170
Analysis of turnover by nature	2021 £'000	2020 £'000
Sales of goods	34,585	42,822
Other - royalty income	699	348
	35,284	43,170

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6. Operating profit

Operating profit is stated after charging/(crediting):

	Note	2021 £'000	2020 £'000
Wages and salaries		4,044	4,133
Social security costs		345	319
Other pension costs	14	256	416
Total staff costs		4,645	4,868

	Note	2021 £'000	2020 £'000
Operating lease charges			
- Plant and machinery		64	57
Depreciation of tangible fixed assets			
- Owned assets	10	375	452
Foreign exchange loss		79	55
Audit fees payable to the company's auditors		20	17
Impairment/(Reversal of impairment of trade debtors)		-	(270)
Inventory recognised as an expense		23,353	27,217
Impairment of inventory (included in cost of sales)		22	15

Administrative expenses include corporate recharges of £898,000 (2020: £1,344,000). There were no non-audit fees payable to the Company's auditors.

7. Employees and directors

Employees

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

By activity	2021 Number	2020 Number
Production	74	85
Administration	11	3
Sales	3	4
	88	92

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7. Employees and directors (continued)

Directors	2021 £'000	2020 £'000
Emoluments	130	123

Number of directors in company pension schemes

Money purchase schemes	1	1
------------------------	---	---

H Kalidas did not receive any emoluments from the company in respect of his services to the company, his costs were paid by parent company undertaking and, under the rules of an intercompany recharge agreement, a portion of these costs have been recharged to the company via the group management recharge, although it is not possible to separately identify these costs. Total company contributions to a money purchase pension scheme in respect of directors was £9,257 (2020: £10,149). One director was accruing benefits under the money purchase pension scheme for part of the year (2020: one).

8. Net interest expense

Interest receivable and similar income		2021 £'000	2020 £'000
	Note		
Interest receivable from group undertakings		-	25
Total interest receivable and similar income		-	25
Interest payable and similar expenses		2021 £'000	2020 £'000
Interest on pension obligations	14	(31)	(42)
Interest payable to group undertakings		(10)	(28)
Total interest payable and similar expenses		(41)	(70)
Net interest expense		2021 £'000	2020 £'000
Total interest receivable and similar income		-	25
Total interest payable and similar expenses		(41)	(70)
Net interest expense		(41)	(45)

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9. Tax on profit

(a) Tax expense/(credit) included in the Income Statement

	2021 £'000	2020 £'000
Current tax		
Adjustments in respect of previous periods	-	(1,604)
Total current tax	-	(1,604)
Deferred tax		
Adjustments in respect of previous periods	(80)	(5)
Effect of changes in tax rates	(68)	-
Origination and reversal of timing differences	172	109
Pension charge in excess of pension cost relief	-	68
	24	172
Tax on profit	24	(1,432)

(b) Reconciliation of tax charge/(credit)

The actual tax charge for the year is lower (2020: lower) than the tax charge using the standard rate of corporation tax in the UK, 19% (2020: 19.00%). The differences are outlined below:

	2021 £'000	2020 £'000
Profit before taxation	1,091	5,437
Profit before taxation multiplied by the standard rate of corporation tax in the UK 19% (2020: 19%)	207	1,033
Effects of:		
Expenses not deductible for tax purposes	7	136
Effect on deferred tax rate in tax rate	(68)	(61)
Group relief for nil consideration	(42)	(931)
Adjustments in respect of previous periods	(80)	(1,609)
Tax charge/(credit) for the year	24	(1,432)

Factors that may affect future tax charges

The Finance Act 2015 introduced a reduction in the main rate of corporation tax from 20% to 19% with effect from 1 April 2017. Deferred tax balances at 31 December 2020 were measured at 19%.

In the March 2021 Budget it was announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. This rate was substantively enacted on 24 May 2021. The closing deferred tax balances, where appropriate, have been calculated at 25%.

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9. Tax on profit (continued)

(c) Tax charge/(credit) included in statement of comprehensive income

	2021 £'000	2020 £'000
Deferred tax		
Movement in deferred tax relating to pension fund deficit	277	(181)
Total tax charge/(credit) included in statement of other comprehensive expense	277	(181)

10. Tangible assets

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings, tools and computer equipment £'000	Assets under Construction £'000	Total £'000
Cost					
At 1 January 2021	3,762	14,351	705	370	19,188
Additions	-	6	-	318	324
Transfers	-	223	341	(564)	-
Disposals	-	(88)	(2)	-	(90)
At 31 December 2021	3,762	14,492	1,044	124	19,422
Accumulated depreciation					
At 1 January 2021	3,316	13,291	270	-	16,877
Charge for the year	69	272	34	-	375
Disposals	-	(88)	(2)	-	(90)
At 31 December 2021	3,385	13,475	302	-	17,162
Net book value					
At 31 December 2021	377	1,017	742	124	2,260
At 31 December 2020	446	1,060	435	370	2,311

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11. Inventories

	2021 £'000	2020 £'000
Raw materials and consumables	5,631	3,387
Work in progress	332	365
Finished goods and goods for resale	2,741	2,738
	8,704	6,490

There is a provision for the difference of £64,000 between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts. Inventories are stated after provisions for impairment of £76,000 (2020: £65,000).

12. Debtors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade debtors	300	249
Amounts owed by group undertakings	26,310	26,831
Other debtors	2,187	1,104
Prepayments and accrued income	38	42
	28,835	28,226

Trade debtors are stated after provision for impairment of £17,000 (2020: £17,000). Amounts owed by the group undertakings include the cash pooling balances of £19,806,000 with LYB Finance Company B.V. which acts as a Group Treasury function. The cash pooling arrangement is unsecured, bearing interest of LIBOR / EURIBOR minus 15 basis points on balances held in GBP, EURO and USD, payable on demand. The remaining amounts owed by group undertakings are unsecured, interest free trade receivable balances payable on demand.

13. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	6,968	3,852
Amounts owed to group undertakings	1,291	1,667
Corporation tax payable	-	312
Other taxation and social security	61	47
Accruals and deferred income	731	667
	9,051	6,545

Amounts owed to group undertakings include the cash pooling balance of £174,000 with LYB Finance Company B.V. which acts as a Group Treasury function. The cash pooling arrangement is unsecured, bearing interest payable of LIBOR / EURIBOR plus 125 basis points on balances held in GBP, EURO and USD, payable on demand. The remaining amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

14. Post-employment benefits

The company operates a defined benefit pension scheme which is now closed to new members. The assets of the scheme are held in a separate trustee administered fund. The scheme is subject to a triennial valuation by the Scheme Actuary, the last formal valuation being carried out as at 5 April 2019 using the projected unit credit method. At that date, the market value of the assets of the scheme was £13,060,000 and the actuarial value was sufficient to cover 75% of the benefits which had accrued to members, after allowing for expected future increases in earnings. The employer's contribution rate over the average remaining service lives of the members of the scheme takes account of the deficit disclosed by the valuation. For the purposes of this report, a full actuarial valuation has been carried out based on the formal funding valuation at 5 April 2019. Approximate allowance has been made for other member changes that have occurred before 31 December 2021.

The English High Court ruling in *Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc* and others was published on 26 October 2018, and held that UK pension schemes with Guaranteed Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise for different effects of these GMPs between men and women. As a result, the scheme liabilities include a past service cost of £Nil (2020: £169,000) to allow for GMP equalisation.

Following the closure of the scheme to new members, it is expected that the age profile will rise in the future and that the current service cost of the scheme will increase as the members of the scheme approach retirement. The major assumptions used by the actuary in their subsequent valuations are as follows:

Principal actuarial assumptions at the statement of financial position date

	2021	2020
Discount rate	1.8%	1.3%
Price inflation	3.4%	2.9%
Rate of increase in pensions in payment	2.9%	2.9%

The mortality assumptions used were as follows:

	2021 Years	2020 Years
Longevity at age 65 for current pensioners		
- Men	21.0	20.9
- Women	23.4	23.1
Longevity for members retiring at age 65 in 20 years		
- Men	22.3	22.2
- Women	24.8	24.6

Demographic and other assumptions used were as follows:

The assumptions are the same for both 2020 and 2021 unless otherwise noted.

90% of members are assumed to commute 27% (2020 – 27%) of pension on current terms. There has been no allowance made for withdrawals. 90% of both male and female members are assumed to have a spouse, with the age difference between the member and their spouse being females assumed to be 3 years younger than males. No allowance has been made for discretionary increases.

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

14. Post-employment benefits (continued)

The amount recognised in the statement of financial position is as follows:

	2021 £'000	2020 £'000
Defined benefit scheme liability	624	2,835

Reconciliation of scheme assets and liabilities

	Assets £'000	Liabilities £'000	Total £'000
At 1 January 2021	15,275	(18,110)	(2,835)
Benefits paid	(762)	762	-
Contributions by the employer	858	-	858
Interest income/(expense)	194	(225)	(31)
Remeasurement arising from changes in assumptions	-	693	693
Remeasurement arising from experience	-	225	225
Actual return on plan assets, excluding interest income	466	-	466
At 31 December 2021	16,031	(16,655)	(624)

Total recognised cost as an expense	Notes	2021 £'000	2020 £'000
Interest on obligation	8	31	42
Past service cost	6	-	169
Total recognised in the Income Statement		31	211
Remeasurements recognised in other comprehensive expense		(1,383)	950
Defined benefit (credit)/cost		(1,352)	1,161

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

14. Post-employment benefits (continued)

The fair value of the plan assets was:	2021 £'000	2021 %	2020 £'000	2020 %
Equities	8,096	51	5,882	39
Property	-	-	211	1
Corporate bonds	775	5	-	-
Liability Driven Investments	-	-	1,093	7
Cash	85	1	528	3
Gilts	7,075	43	7,561	50
Total scheme assets	16,031	100	15,275	100
Expected rate of return on scheme assets		5.0%		5.0%

Defined contribution scheme

The total charge for defined contribution plans was £256,000 (2020: £247,000).

The liability at the year end for the contributions payable to the defined contribution scheme is £48,000 (2020: £42,000).

15. Debtors: amounts falling due after more than one year

Deferred tax asset relating to pension scheme

	2021 £'000	2020 £'000
At 1 January	540	427
Deferred tax expense in the Income Statement	(104)	(68)
Deferred tax charged to other comprehensive expense	(277)	181
At 31 December	159	540

Other deferred tax provision

	2021 £'000	2020 £'000
At 1 January	(19)	84
Accelerated capital allowances	(5)	(113)
Prior year differences	79	5
Other timing differences	4	5
At 31 December	59	(19)
Net deferred taxation asset	218	521

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

16. Financial instruments

The company has the following financial instruments

	2021 £'000	2020 £'000
Financial assets that are debt instruments measured at amortised cost		
- Trade debtors	300	249
- Amounts owed by group undertakings	26,310	26,831
- Other debtors	2,187	1,104
	28,797	28,184

Financial liabilities measured at amortised cost

- Trade creditors	6,968	3,852
- Amounts owed to group undertakings	1,291	1,667
	8,259	5,519

The company has no derivative financial instruments (2020: £nil).

17. Called up share capital

	2021 £'000	2020 £'000
Allotted and fully paid		
30,000 (2020: 30,000) ordinary shares of £1	30	30

18. Capital and other commitments

The company had the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	2021 £'000	2020 £'000
Within one year	56	33
Within two to five years	19	19
	75	52

The company has no other off-balance sheet arrangements

A SCHULMAN INC. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

19. Related party transactions

See note 7 for disclosure of the directors' remuneration.

The company is exempt from disclosing transactions with members of the group headed by LyondellBasell Industries N.V. that are wholly owned within the group.

See note 7 for disclosure of the directors' remuneration and key management compensation.

20. Controlling parties

The immediate parent undertaking is A Schulman B.V, whose registered office is Industriepark, Pedro Colomalaan 5, 2880 Bornem, Belgium.

The ultimate parent undertaking and controlling party is LyondellBasell Industries N.V. which is the largest and the smallest group to consolidate these financial statements. The consolidated financial statements of LyondellBasell Industries N.V. may be obtained from LyondellBasell Industries N.V., Delftseplein 27E, 3013 AA Rotterdam, The Netherlands and 4th Floor, One Vine Street, London, W1J 0AH, United Kingdom

21. Contingent liabilities

The company is a participant in a group banking arrangement under which all surplus cash balances are held as collateral for bank facilities advanced to group members. No liability is expected to arise under this arrangement.

At 31 December 2021, the company had deferment bank guarantees in favour of HM Revenue and Customs of £95,000 (31 December 2020: £ 95,000).

