

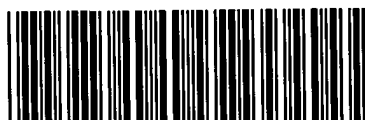
BASF Agricultural Specialities Limited

Directors' Report and Financial Statements

Registered Number 1639557

for the Year Ended 31 December 2022

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BASF Agricultural Specialities Limited

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BASF Agricultural Specialities Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Principal activity

The principal activity of the company is the manufacture and sale of bio-fertilisers and bio-pesticides. The principal activities are not expected to change in the foreseeable future.

Fair review of the business

The directors consider the result for the year 2022 satisfactory.

The company continues to invest in research and development activities with the Littlehampton site being the hub for continued development of nematode products within the wider BASF group. The company made a profit of £2,921,000 (2021: £1,743,000).

Key performance indicators

The company's key financial and other performance indicators during the year were as follows:

	Unit	2022	2021
Turnover	£000	11,363.00	9,502.00
Gross Profit Margin	%	65.86	52.93
Average Headcount	Number	30.00	32.00
Current ratio (current assets divided by current liabilities)	%	1.08	.85

Comparing the respective 12 month periods to December, turnover increased from £9,502,000 to £11,363,000 representing an increase of 19.59%.

The average headcount figure for the period is lower than the prior year.

BASF Agricultural Specialities Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Section 172(1) Companies Act 2006

The Directors confirm that they have acted in good faith in the way they consider what would be most likely to promote the success of the Company for the benefit of its members. In doing so they have considered, among other matters, those set out in section 172(1) (a) to (f) of the Companies Act 2006: the likely consequences of any decision 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 the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company. This statement applies equally to the Directors individually and when acting collectively as the Board.

In discharging their duties in relation to section 172 (1), careful consideration is given to the matters set out above. The stakeholders we consider in this regard are primarily employees, suppliers and customers, the communities we operate in, the wider world and environment.

Engagement with our shareholders and all stakeholders is of fundamental importance across the business and the Directors are focused on building these relationships on a continuous basis.

Communities

We are committed to creating sustainable, long-term opportunities in our communities in addition to aiming to become an employer of choice.

Outreach initiatives that particularly encourage education, women in science, stem ambassador, and trainee placements continue.

Environment

The company has continued our approach to develop biological pesticides and inoculants for the market. We strive to increase our positive contribution to society and minimize the negative effects of our business activities.

Engagement with employees

Our employees are critical to the success of our business, and we strive for good communication with them through both segmental and group-wide publications and an intranet in order to foster content, engaged and productive personnel.

We encourage two-way participation from all personnel, and contributions are published in a weekly online wrap for site

BASF Agricultural Specialities Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Engagement with suppliers, customers and other relationships

We are fully committed to our customers (both country and end user). We monitor our KPIs on a Scorecard on a monthly basis (including On Time in Full and Non-conformance Management targets).

We are proud to hold the accredited ISO 9001:2015 award.

Outlook for 2023

The 2021/22 Resilience Project is due to be commissioned by end April 2023. Delays caused by Engineering services supplied by external contractors.

Boiler breakdown has caused production issues in Q1 2023. The boiler is now repaired, production restarted, and upgrades to the boiler will take place Q2.

For high-strength effluent that cannot be discharged to sewer, we have single source for off-site treatment.

The Nematode business is expanding into Latin America.

Risks and uncertainties

The board of directors have identified the following risks and uncertainties as those which could have a significant impact on the performance of the company going forward:


- Inherent risks in BASF products of obsolescence due to competitors developing technically superior product.
- Raw material and energy costs are prone to increase and the company makes all efforts to pass onto the customer. Dependent on the market, selling price increases cannot always be attained.
- Risk of significant changes in currency exchange rates. The company maintains constant management review of foreign exchange exposure and the group's policy is to hedge these risks using forward exchange contracts which are entered into by BASF Societas Europaea.

The company meets the legal requirements to manage these risks. Given the importance the company places on managing those risks, it also adheres to best practice and Chemical Industries Association Standards. There are regular risk assessment activities carried out on a site by site basis. Where corrective actions are required, these are implemented and reviewed at the next internal audit. The production sites regulations are subject to Health and Safety Executive audits.

The war between Russia and Ukraine caused additional paperwork, leading to delays in both 2023 Q1 and 2022 Q4 sales. All dispatches were successfully delivered.

Increased cost of raw materials, energy and freight together with rising inflation continues. Mitigation is an ongoing priority.

Approved and authorised by the Board on 15 June 2023 and signed on its behalf by:


Helen Koerner (Jun.15, 2023, 15:45 GMT+1)
H Koerner
Company secretary

BASF Agricultural Specialities Limited

Directors' Report for the Year Ended 31 December 2022

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

Directors of the company

The directors who held office during the year were as follows:

T Urwin

K Harper

T Birk

N Kay

Proposed dividend

The directors paid dividends of £1,700,000 (2021: £5,500,000) during the year.

Financial instruments

Objectives and policies

The company primarily finances its operations using borrowings, cash and liquid resources, trade debtors and creditors, debt and equity. These financial instruments all arise in the normal course of the company's operating activities.

Price risk, credit risk, liquidity risk and cash flow risk

The company does not engage in speculative activities using derivative financial instruments. Company cash reserves are pooled and managed centrally in order to ensure the best returns. The majority of borrowing is also within the BASF group, which results in lower financing costs.

Credit risk is low due to all sales being intercompany sales.

Price risk, interest rate risk, liquidity risk and exchange risk are managed at a group level via a combination of BASF Services Europe GmbH and BASF SE, the company's ultimate parent. This reduces significantly the exposure of BASF Agricultural Specialities Limited to movements in the markets.

Employment of disabled persons

Applications for disabled employees are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

BASF Agricultural Specialities Limited

Directors' Report for the Year Ended 31 December 2022

Employee involvement

Employee involvement and consultation is managed in a number of ways. The process of team briefings by line managers continues to be an important basis for ensuring good internal communications. These arrangements also promote a common awareness amongst employees of the financial and economic factors affecting the performance of their segments and the business. This is supplemented by both segmental and company-wide publications and an intranet.

Environmental matters

BASF use efficient processes while simultaneously protecting the environment, since we consume less resources as well as reducing emissions and waste.

New technologies for energy production and energy distribution are continuously being tested and evaluated to achieve an increase in the energy efficiency of our site.


Disclosure of information to the auditor

Each director who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor's are unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor's are aware of that information.

Reappointment of auditor

The auditors KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved and authorised by the Board on 15 June 2023 and signed on its behalf by:


.....
Helen Koerner (Jun 15, 2023 15:45 GMT+1)
.....
H Koerner
Company secretary

4th and 5th Floor
2 StockportExchange
Railway Road
Stockport
SK1 3GG
United Kingdom

BASF Agricultural Specialities Limited

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

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

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent Auditor's Report to the Members of BASF Agricultural Specialities Limited

Opinion

We have audited the financial statements of BASF Agricultural Specialities Limited (the 'company') for the year ended 31 December 2022, which comprise the Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Independent Auditor's Report to the Members of BASF Agricultural Specialities Limited (continued)

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk that revenue stream is overstated/understated through recording revenues in the wrong period.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual or unrelated accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards) and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Independent Auditor's Report to the Members of BASF Agricultural Specialities Limited (continued)

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, regulatory capital and liquidity, and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Members of BASF Agricultural Specialities Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Independent Auditor's Report to the Members of BASF Agricultural Specialities Limited (continued)



.....
Andrew Reddington (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

15th June 2023

BASF Agricultural Specialities Limited

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Turnover	3	11,363	9,502
Cost of sales		<u>(3,879)</u>	<u>(4,473)</u>
Gross profit		7,484	5,029
Distribution costs		(1,390)	(1,290)
Administrative expenses		(1,894)	(1,761)
Other operating income		<u>93</u>	<u>169</u>
Operating profit	4	<u>4,293</u>	<u>2,147</u>
Other interest receivable and similar income	5	9	2
Interest payable and similar expenses	6	<u>(675)</u>	<u>10</u>
		<u>(666)</u>	<u>12</u>
Profit before tax		3,627	2,159
Tax on profit	10	<u>(706)</u>	<u>(416)</u>
Profit for the financial year		<u><u>2,921</u></u>	<u><u>1,743</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

BASF Agricultural Specialities Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	2022	2021
	£ 000	£ 000
Profit for the year	<u>2,921</u>	<u>1,743</u>
Total comprehensive income for the year	<u><u>2,921</u></u>	<u><u>1,743</u></u>

The notes on pages 16 to 28 form an integral part of these financial statements.

BASF Agricultural Specialities Limited

Balance Sheet as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Tangible assets	11	7,441	7,229
Current assets			
Stocks	12	1,219	1,372
Debtors falling due within one year	13	<u>1,258</u>	<u>2,465</u>
		2,477	3,837
Creditors: Amounts falling due within one year	14	<u>(2,298)</u>	<u>(4,639)</u>
Net current assets/(liabilities)		<u>179</u>	<u>(802)</u>
Total assets less current liabilities		7,620	6,427
Provisions for liabilities	15	<u>33</u>	<u>5</u>
Net assets		<u>7,653</u>	<u>6,432</u>
Capital and reserves			
Called up share capital	17	-	-
Profit and loss account		<u>7,653</u>	<u>6,432</u>
Total equity		<u>7,653</u>	<u>6,432</u>

Approved and authorised by the Board on 15 June 2023 and signed on its behalf by:

Tom Urwin
 Tom Urwin (Jun 15, 2023 15:30 GMT+1)

 T Urwin
 Director

BASF Agricultural Specialities Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	-	10,189	10,189
Profit for the year	-	1,743	1,743
Total comprehensive income	-	1,743	1,743
Dividends	-	(5,500)	(5,500)
At 31 December 2021	-	6,432	6,432

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022	-	6,432	6,432
Profit for the year	-	2,921	2,921
Total comprehensive income	-	2,921	2,921
Dividends	-	(1,700)	(1,700)
At 31 December 2022	-	7,653	7,653

The notes on pages 16 to 28 form an integral part of these financial statements.

BASF Agricultural Specialities Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The company is a private company limited by share capital, incorporated in England. The company's registered office is 4th and 5th Floor, 2 StockportExchange, Railway Road, Stockport, , SK1 3GG.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102").

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Summary of disclosure exemptions

The company's ultimate parent undertaking, BASF Societas Europaea (BASF SE) includes the company in its consolidated financial statements. The consolidated financial statements of BASF SE are prepared in accordance with International Financial Reporting Standards as adopted by the EU. In these financial statements, the company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period; and
- Cash Flow Statement and related notes
- Key Management Personnel compensation

The financial statements of BASF SE may be obtained from BASF Societas Europaea, D67056 – Ludwigshafen, Germany.

BASF Agricultural Specialities Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Going concern

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

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking into account a severe but plausible downside scenario, the company will have sufficient funds, to meet its liabilities as they fall due for that period.

BASF Agricultural Specialities Ltd main business is production and distribution of own manufactured products which are used in farming crops. The company's Home and Garden range products have an on-line presence to its end consumers via distributors. This on-line market has seen added demand during the pandemic due to the number of people working from home and spending more time in their gardens and increase in demand for on-line products.

Earnings before interest and tax (EBIT), even in a severe but plausible scenario for BASF Agricultural Specialities Ltd, will be positive for 2023. BASF Agricultural Specialities Ltd has projected EBIT of 2.4 million GBP for the year 2023 and as of March is on track to achieve that. The company is part of the cash concentration agreement so will have full access to further borrowing if required, but the current forecasts show that this will not be required, even in the severe but plausible scenario.

Furthermore, BASF Agricultural Specialities Ltd has taken the decision, to focus its manufacturing on its core own manufactured production. Sales from the launch of the new Nemaslug 2.0 species started in 2022 and are expected to increase in 2023 to planned levels based on expected yield improvements. Investment of new mezzanine floor and automatic filling machine at our Harwood Road site reflects confidence from Board of Directors.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Key sources of estimation uncertainty

The stock provision has two elements, a provision for any slow moving stock and the other element is the impairment to the carrying amount of the stock to its net realisable value based on selling price less cost to complete and sell.

To ensure consistency, the stock provision is calculated using the same principle derived from BASF SE, across all BASF companies.

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Tax

Tax on profit or loss for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

BASF Agricultural Specialities Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates that have been enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Asset class	Depreciation rate
Buildings	2% - 10% per annum
Leasehold land and Buildings	life of lease
Plant and machinery	10% - 33.3% per annum

No depreciation is provided on assets in the course of construction.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

BASF Agricultural Specialities Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Share capital

Ordinary Shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

Employer contributions to the defined contribution pension scheme are charged to the profit and loss account as they arise.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax or equivalent overseas sales taxes, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when:

- The amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the company's activities.

BASF Agricultural Specialities Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

3 Turnover

The analysis of the company's Turnover for the year from continuing operations is as follows:

	2022	2021
	£ 000	£ 000
Sale of goods	<u>11,363</u>	<u>9,502</u>

The analysis of the company's turnover for the year by market is as follows:

	2022	2021
	£ 000	£ 000
UK	2,308	2,804
Europe	3,118	3,189
Rest of world	<u>5,937</u>	<u>3,509</u>
	<u>11,363</u>	<u>9,502</u>

4 Operating profit

Arrived at after charging/(crediting)

	2022	2021
	£ 000	£ 000
Depreciation expense	657	691
Foreign exchange (income)/cost	637	(10)
Operating lease expense - property	143	143
Operating lease expense - plant and machinery	<u>20</u>	<u>26</u>

BASF Agricultural Specialities Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

5 Other interest receivable and similar income

	2022	2021
	£ 000	£ 000
Other finance income/(cost)	-	2
Receivable from group undertakings	9	-
	<u>9</u>	<u>2</u>

6 Interest payable and similar charges

	2022	2021
	£ 000	£ 000
Foreign exchange gains/(losses)	637	(10)
Interest payable to group undertakings	38	-
	<u>675</u>	<u>(10)</u>

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£ 000	£ 000
Wages and salaries	1,612	1,702
Social security costs	148	148
Pension costs, defined contribution scheme	93	91
Other post-employment benefit costs	173	174
	<u>2,026</u>	<u>2,115</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Administration and support	8	9
Research and development	7	6
Sales, marketing and distribution	15	17
	<u>30</u>	<u>32</u>

BASF Agricultural Specialities Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 Directors' remuneration

The directors' provide services to a number of Group companies. Remuneration is not allocated by entity and the amounts disclosed represent the total remuneration receivable by the directors for their services to the wider Group.

	2022	2021
	£ 000	£ 000
Remuneration	434	471
Contributions paid to money purchase schemes	93	91
	<u>527</u>	<u>562</u>

In respect of the highest paid director:

	2022	2021
	£ 000	£ 000
Remuneration	<u>200</u>	<u>134</u>

9 Auditor's remuneration

	2022	2021
	£ 000	£ 000
Audit of the financial statements	<u>40</u>	<u>26</u>

BASF Agricultural Specialities Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Taxation

Tax charged/(credited) in the profit and loss account

	2022	2021
	£ 000	£ 000
Current taxation		
UK corporation tax	748	478
UK corporation tax adjustment to prior periods	<u>(14)</u>	<u>-</u>
	734	478
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(28)</u>	<u>(62)</u>
Tax expense in the profit and loss account	<u>706</u>	<u>416</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022	2021
	£ 000	£ 000
Profit before tax	<u>3,627</u>	<u>2,159</u>
Corporation tax at standard rate	689	410
Effect of expense not deductible in determining taxable profit (tax loss)	62	30
Deferred tax expense/(credit) relating to changes in tax rates or laws	1	(1)
Deferred tax credit from unrecognised temporary difference from a prior period	(32)	(50)
(Decrease)/increase in UK and foreign current tax from adjustment for prior periods	(14)	47
Tax decrease from effect of adjustment in research and development tax credit	<u>-</u>	<u>(20)</u>
Total tax charge	<u>706</u>	<u>416</u>

Finance Act 2021 increases the UK tax rate to 25% from 1 April 2023. As it is expected that timing differences resulting in deferred tax assets and liabilities will substantively reverse after this date, deferred tax has been recognised at the rate of 25%. The rate change will lead to an increase in the future current tax charges of BASF Agricultural Specialities Limited.

BASF Agricultural Specialities Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

2022

Accelerated tax depreciation

Asset	Liability
£ 000	£ 000
-	(33)
-	(33)

2021

Accelerated tax depreciation

Asset	Liability
£ 000	£ 000
-	(5)
-	(5)

BASF Agricultural Specialities Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Tangible assets

	Land and buildings £ 000	Leasehold improvements £ 000	Assets under construction £ 000	Other tangible assets £ 000	Total £ 000
Cost or valuation					
At 1 January 2022	4,971	514	589	7,603	13,677
Additions	-	-	776	62	838
Disposals	-	31	-	-	31
Transfers	-	27	(27)	-	-
At 31 December 2022	<u>4,971</u>	<u>572</u>	<u>1,338</u>	<u>7,665</u>	<u>14,546</u>
Depreciation					
At 1 January 2022	849	233	-	5,366	6,448
Charge for the year	<u>151</u>	<u>33</u>	<u>-</u>	<u>473</u>	<u>657</u>
At 31 December 2022	<u>1,000</u>	<u>266</u>	<u>-</u>	<u>5,839</u>	<u>7,105</u>
Carrying amount					
At 31 December 2022	<u>3,971</u>	<u>306</u>	<u>1,338</u>	<u>1,826</u>	<u>7,441</u>
At 31 December 2021	<u>4,122</u>	<u>281</u>	<u>589</u>	<u>2,237</u>	<u>7,229</u>

Included within the net book value of land and buildings above is £3,971,000 (2021 - £4,122,000) in respect of freehold land and buildings.

BASF Agricultural Specialities Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Stocks

	2022	2021
	£ 000	£ 000
Raw materials and consumables	679	779
Merchandise	7	19
Work in progress	533	574
	<u>1,219</u>	<u>1,372</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £3,879,000 (2021 : £4,473,000). The write-up of stocks to net realisable value amounted to a profit of £20,000 (2021: loss £122,000), and increased gross stocks to the carrying amount above.

13 Debtors falling due within one year

	Note	2022	2021
Current		£ 000	£ 000
Trade debtors		-	2
Amounts owed by related parties	19	1,049	2,174
Other debtors		124	208
Prepayments		85	81
		<u>1,258</u>	<u>2,465</u>

14 Creditors

	Note	2022	2021
		£ 000	£ 000
Due within one year			
Trade creditors		560	735
Amounts due to related parties	19	907	614
Social security and other taxes		32	23
Accrued expenses		173	257
Corporation tax	10	527	3,010
Other current financial liabilities		99	-
		<u>2,298</u>	<u>4,639</u>

BASF Agricultural Specialities Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

15 Deferred tax provision

The decrease in the deferred tax provision relates to origination and reversal of timing differences and is included in the result for the year. (note 10)

16 Pension and other schemes

The employees of the company participate in the Defined Contribution section of the BASF (UK) group Pension Scheme.

Information about the plan as a whole can be obtained from the BASF Plc financial statements.

The pension cost shown in note 7 of £173,000 (2021: £174,000) represents the contribution payable by the Company to the fund. Contributions due to the fund are paid over in the monthly deduction from the payroll, so at the balance sheet date contributions of £ nil are outstanding (2021: £ nil).

17 Share capital

Allotted, called up and fully paid shares

	2022 No.	£ 000	2021 No.	£ 000
Ordinary shares of £1 each	100	-	100	-

18 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2022 £ 000	2021 £ 000
Not later than one year	163	163
Later than one year and not later than five years	54	217
	217	380

The amount of non-cancellable operating lease payments recognised as an expense during the year was £163,071 (2021 - £169,581).

19 Related party transactions

All material transactions with related parties during the current and prior year have been with the company's immediate parent, fellow subsidiaries and other group undertakings. As such, the company has taken advantage of the exemption allowed under FRS 102.33.1A not to disclose such transaction. Related party balances outstanding at the balance sheet date are disclosed in total under the relevant notes above.

BASF Agricultural Specialities Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

20 Parent and ultimate parent undertaking

The company's immediate parent is Becker Underwood (UK) Limited, incorporated in England.

The ultimate parent is BASF Societas Europaea, incorporated in Germany.

The most senior parent entity producing publicly available financial statements is BASF Societas Europaea. These financial statements are available upon request from BASF Societas Europaea, D67056 – Ludwigshafen, Germany.

The ultimate controlling party is BASF Societas Europaea.