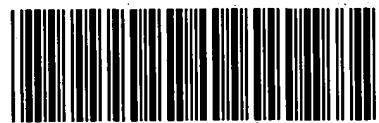


**AKDENIZ CHEMSON ADDITIVES LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 December 2021**

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# **AKDENIZ CHEMSON ADDITIVES LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

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## **AKDENİZ CHEMSON ADDITIVES LIMITED**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

Robin Byron (Member of the Board)	(expired 30 April 2022)
Eren Ziya Dik (Member of the Board)	
Gözde Diner (Member of the Board)	
Süleyman Savaş Erdem (Member of the Board)	(resigned 01 October 2021)
Baran Celik (Member of the Board)	(appointed 01 October 2021)
Ashlihan Döğür (Member of the Board)	(resigned 06 December 2021)
Volkan Ünlüel (Member of the Board)	(appointed 06 December 2021)
Ersin Suat İzmirlioglu (Member of the Board)	(appointed 22 June 2022)

#### **SECRETARY**

Ward Hadaway Company Secretarial Services Limited

#### **REGISTERED OFFICE**

Hayhole Works  
Northumberland Dock Road  
Wallsend  
Tyne and Wear  
NE28 0PB

#### **BANKERS**

Royal Bank of Scotland Plc  
Edinburgh

UniCredit Bank Austria AG  
Klagenfurt

#### **SOLICITORS**

Ward Hadaway Secretarial Services Limited  
Sandgate House  
102 Quayside  
Newcastle upon Tyne  
NE1 3DX

## AKDENİZ CHEMSON ADDITIVES LIMITED

### DIRECTORS' REPORT

The directors present their directors' report and financial statements for the year ended 31 December 2021.

#### DIRECTORS

The following persons held office as Directors during the year and since:

Robin Byron (Member of the Board)	(expired 30 April 2022)
Eren Ziya Dik (Member of the Board)	
Gözde Diner (Member of the Board)	
Suleyman Savaş Erdem (Member of the Board)	(resigned 01 October 2021)
Baran Celik (Member of the Board)	(appointed 01 October 2021)
Ashlihan Döğeri (Member of the Board)	(resigned 06 December 2021)
Volkan Ünlüel (Member of the Board)	(appointed 06 December 2021)
Ersin Suat İzmirlioglu (Member of the Board)	(appointed 22 June 2022)

#### POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political or charitable contributions during the period (2020: £ 0).

#### DIVIDENDS

No dividends were paid during the year (2020: £ 0).

Approved by the Board of Directors and signed on behalf of the Board



**Ersin Suat İzmirlioglu**  
*Director*

Company registered number: 01980314

Hayhole Works  
Northumberland Dock Road  
Wallsend  
Tyne and Wear  
NE28 0PB

December 2022

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 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.

**AKDENIZ CHEMSON ADDITIVES LIMITED**

**PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME**  
**For the year ended 31 December 2021**

	Note	Year ended 31 December 2021 £	Year ended 31 December 2020 £
<b>TURNOVER</b>	3	3,744,725	4,270,702
Change in stocks of finished goods and work in progress		(5,698)	(947,176)
Other operating income		844,798	356,666
Raw materials and consumables		(3,509,849)	(3,001,468)
Staff costs	6	(596,939)	(908,046)
Depreciation and other amounts written off tangible and intangible fixed assets		(55,063)	(170,994)
Other operating expenses		(1,430,827)	(1,656,902)
<b>OPERATING LOSS</b>	4	<u>(1,008,853)</u>	<u>(2,057,218)</u>
Interest receivable and similar income		16,182	-
Interest payable and similar expenses		-	(134,197)
<b>FINANCE (EXPENSE)/INCOME</b>	7	<u>16,182</u>	<u>(134,197)</u>
<b>LOSS BEFORE TAXATION</b>		(992,671)	(2,191,415)
Tax on loss	8	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u><u>(992,671)</u></u>	<u><u>(2,191,415)</u></u>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR</b>		<u><u>(992,671)</u></u>	<u><u>(2,191,415)</u></u>

The results for the financial year and the preceding financial period derive solely from continuing activities.

# AKDENIZ CHEMSON ADDITIVES LIMITED

## BALANCE SHEET As of 31 December 2021

	Note	2021 £	2020 £
<b>FIXED ASSETS</b>			
Intangible fixed assets	9	9,434	15,803
Tangible fixed assets	10	579,865	989,018
Right of used assets	10	58,502	63,664
		<u>647,801</u>	<u>1,068,485</u>
<b>CURRENT ASSETS</b>			
Stocks	11	108,568	451,655
Debtors	12	827,701	1,268,925
Cash at bank and in hand		1,761,787	2,552,327
		<u>2,698,056</u>	<u>4,272,907</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(7,541,651)</u>	<u>(8,080,365)</u>
<b>NET CURRENT (LIABILITIES) / ASSETS</b>		<u>(4,843,595)</u>	<u>(3,807,458)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(4,195,794)</u>	<u>(2,738,973)</u>
<b>CREDITORS: amounts falling due after more than one year</b>	15	(1,138,788)	(1,225,460)
<b>PROVISIONS FOR LIABILITIES</b>	14	(164,273)	(541,751)
<b>NET (LIABILITIES) / ASSETS</b>		<u><u>(5,498,855)</u></u>	<u><u>(4,506,184)</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	3,500,002	3,500,002
Capital contribution	18	14,679,000	14,679,000
Profit and loss account		(23,677,857)	(22,685,186)
<b>TOTAL SHAREHOLDERS' (DEFICIT) / EQUITY</b>		<u><u>(5,498,855)</u></u>	<u><u>(4,506,184)</u></u>

These financial statements of Akdeniz Chemson Additives Limited (Company Number: 01980314) were approved by the Board of Directors on 30 December 2022.

Signed on behalf of the Board of Directors



**Ersin Suat Izmirliloglu**  
Director

Company registered number: 01980314

# AKDENIZ CHEMSON ADDITIVES LIMITED

## STATEMENT OF CHANGES IN EQUITY

	Share capital £	Capital contribution £	Profit and loss account £	Total £
Balance at 1 January 2020	3,500,002	14,679,000	(20,493,771)	(2,314,769)
Loss for the period	-	-	(2,191,415)	(2,191,415)
Other comprehensive expense for the period	-	-	-	-
Total comprehensive expense for the period	-	-	(2,191,415)	(2,191,415)
Balance at 31 December 2020	3,500,002	14,679,000	(22,685,186)	(4,506,184)
Balance at 1 January 2021	3,500,002	14,679,000	(22,685,186)	(4,506,184)
Loss for the period	-	-	(992,671)	(992,671)
Other comprehensive expense for the period	-	-	-	-
Total comprehensive expense for the period	-	-	(992,671)	(992,671)
Balance at 31 December 2021	3,500,002	14,679,000	(23,677,857)	(5,498,855)

In 2016 the parent company decided to increase the subordinated, non-interest-bearing loan granted to Akdeniz Chemson Additives Limited from EUR 12.2 million to EUR 20 million. While in previous years the subordination was only granted on a yearly basis, in 2016 the parent company decided to strengthen Akdeniz Chemson Additives Limited by granting the loan under unlimited terms and putting the repayment at the sole discretion of Akdeniz Chemson Additives Limited. Therefore, Akdeniz Chemson Additives Limited states the subordinated loan of EUR 20 million under equity (converted with the exchange rate as of 01 January 2016).



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

**1. ACCOUNTING POLICIES**

**General information**

Akdeniz Chemson Additives Limited (the company) is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC). The accounting policies adopted for the preparation of the financial statements as at 31 December 2021 are consistent with those of the previous financial year.

The directors are currently evaluating the impact of the adoption of standards issued by IASB but not yet effective, early adopted and endorsed by the European Financial Reporting Advisory Group ("EFRAG") but anticipate that their adoption will not have a material effect on the financial statements of the company in future periods.

**Basis of preparation**

The company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council. These financial statements have been prepared in accordance with FRS 101.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to non-current assets held for sale, financial instruments, capital management, presentation of comparative period reconciliations for share capital and tangible fixed assets, presentation of a cash-flow statement and related notes, standards not yet effective, impairment of assets, disclosures in respect of the compensation of Key Management Personnel and disclosures in respect of transactions with wholly owned subsidiaries.

Where relevant, equivalent disclosures have been given in the group accounts of Akdeniz Kimya Sanayi ve Ticaret A.Ş., a company incorporated in Turkey and the parent company of the consolidated subgroup. The group accounts of Akdeniz Kimya Sanayi ve Ticaret A.Ş. are available to the public and can be obtained from Oyak Global Investments: 19, Rue de Bitbourg, 1273 Luxembourg.

The financial statements have been prepared under the historical cost convention.

**Going Concern**

Notwithstanding net current liabilities of £ 4,843,595 and net liabilities of £ 5,498,855 at 31 December 2021 and a loss for the year then ended of £ 992,671 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The forecast is dependent on Akdeniz Chemson Additives AG not seeking repayment of the amounts currently due, which at 31 December 2021 amounted to £7,772,573, and providing additional financial support as may be required by the Company during that period. Akdeniz Chemson Additives AG has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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.

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

*Sale of goods*

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

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

**Fixed assets and depreciation**

Fixed assets are stated at cost, net of depreciation or amortisation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost less the estimated residual value of each asset by equal instalments over its expected useful lives as follows:

Freehold buildings	-	25 to 30 years
Plant and machinery	-	5 to 25 years
Fixtures and fittings, tools and equipment	-	3 to 15 years

**Stocks and work in progress**

Stocks are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis, and includes all direct costs incurred. For work in progress and finished goods manufactured by the company, cost is stated at production cost, which includes an appropriate proportion of attributable overheads. Provision is made for obsolete, slow moving or defective items where appropriate.

**Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Foreign currencies**

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**Leases**

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration (IFRS 16).

*As a lessee*

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

*Short-term leases and leases of low-value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

*Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

*Deferred tax*

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

## 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

### **Critical judgements in applying the Company's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

- In making their judgement, the directors considered the detailed criteria for the recognition of revenue from the sale of goods set out in IFRS 15: Revenue and, in particular, whether the company had transferred to the buyer the significant risks and rewards of ownership of the goods. The directors are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate. Changes in revenue recognition as implemented by the new standard only affected cut-off procedures, which had practically no impact on the cut-off at the year end.

### **Key sources of estimation uncertainty**

The directors do not consider that there are any key assumptions, in either the current or prior financial year, concerning the future, nor other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

# AKDENIZ CHEMSON ADDITIVES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2021

### 3. TURNOVER AND REVENUE

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
<b>Continuing operations</b>		
Sale of goods	<u>3,744,725</u>	<u>4,270,702</u>
 <b>Analysis by destination</b>		
	Year ended 31 December 2021 £	Year ended 31 December 2020 £
UK	3,686,767	3,050,695
Remaining Europe	58,184	1,238,163
Rest of the World	<u>(226)</u>	<u>(18,156)</u>
	<u>3,744,725</u>	<u>4,270,702</u>

All turnover originates within the United Kingdom.

### 4. LOSS FOR THE FINANCIAL YEAR

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
<i>Operating loss is stated after charging/(crediting):</i>		
<i>Auditor's remuneration:</i>		
Fees payable to the company's auditor for the audit of the company's annual financial statements	0	(9,750)
Short term lease rentals - plant and machinery	(65,927)	(110,415)
Depreciation, amortisation and other amounts written off fixed assets:		
Tangible fixed assets	(12,773)	(110,696)
Right of use assets	(35,920)	(53,928)
Intangible fixed assets	(6,370)	(6,370)
Net foreign exchange (losses)/gains	<u>446,166</u>	<u>(255,857)</u>

Auditor's remuneration in the year ended 2020 was due to PM+M Solutions for Business LLP.

# AKDENIZ CHEMSON ADDITIVES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2021

### 5. DIRECTORS' REMUNERATION

The total amounts for directors' remuneration in respect of services to the company were as follows:

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Directors' emoluments	(140,399)	(122,360)
Contributions to company pension schemes	(11,934)	(10,398)
	<u>(152,333)</u>	<u>(132,758)</u>

Contributions to company pension schemes were made on behalf of one director (2020: one).

### 6. STAFF COSTS

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

	Year ended 31 December 2021 Number of employees	Year ended 31 December 2020 Number of employees
Office administration	12	12
Production	0	0
	<u>12</u>	<u>12</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	(483,355)	(745,121)
Social security costs	(66,408)	(85,551)
Other pension costs	(47,176)	(77,374)
	<u>(596,939)</u>	<u>(908,046)</u>

### 7. FINANCE EXPENSE / (INCOME)

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Interest income on third party receivables	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Interest expenses on lease liabilities	(1,611)	(3,619)
Interest payable to other group companies	(61,520)	(65,468)
Foreign exchange gains / (losses) on loans	79,313	(65,110)
	<u>16,182</u>	<u>(134,197)</u>

**8. TAXATION**

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
<i>Taxation is based on loss for the period and comprises:</i>		
<b>Current tax</b>		
UK corporation tax on loss for the period at 19% (2020: 19%)	-	-
Adjustment in respect of previous periods	-	-
Total current tax charge	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Deferred tax charge for the year	-	-
Tax charge on loss	<u>-</u>	<u>-</u>

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
<i>Tax charge reconciliation</i>		
Loss before taxation	<u>(992,671)</u>	<u>(2,191,415)</u>
Tax charge/(credit) at UK corporation tax rate of 25.00% (2020: 19.00 %)	(248,168)	(416,369)
<i>Effects of:</i>		
Expenditure not deductible for tax purposes	-	-
Current year losses for which no deferred tax asset was recognised	<u>248,168</u>	<u>416,369</u>
Total tax (credit)/charge	<u>-</u>	<u>-</u>

*Factors that may affect the future tax charge*

A deferred tax asset has not been recognised in respect of both other timing differences net of accelerated capital allowances and capital gains held over, and trading losses carried forward as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £ 904,165 (31 December 2020: £ 488,263).

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. An increase in the UK corporation tax rate for companies with profits over £ 250,000 from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

**9. INTANGIBLE FIXED ASSETS**

	<b>Licences &amp; similar assets £</b>
<b>Cost</b>	
At 1 January 2021	593,046
Additions	-
At 31 December 2021	<u>593,046</u>
<b>Depreciation</b>	
At 1 January 2021	577,243
Charge for period	6,369
At 31 December 2021	<u>583,612</u>
<b>Net book value</b>	
At 31 December 2021	<u>9,434</u>
At 31 December 2020	<u>15,803</u>

**10. TANGIBLE FIXED ASSETS AND RIGHT OF USE ASSETS**

	<b>Freehold land and buildings £</b>	<b>Plant and machinery £</b>	<b>Fixtures, fittings, tools and equipment £</b>	<b>Right of use assets £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 January 2021	4,131,581	34,840	415,240	189,818	4,771,479
Disposals	(3,496,913)	(2,089)	(374,842)	-	(3,873,844)
Additions/ Reclassifications	-	-	820	30,758	31,578
At 31 December 2021	<u>634,668</u>	<u>32,751</u>	<u>41,218</u>	<u>220,576</u>	<u>929,213</u>
<b>Depreciation</b>					
At 1 January 2021	3,193,461	5,813	393,369	126,154	3,718,797
Charge for the period	8,052	3,276	1,446	35,920	48,694
Disposals	(3,116,803)	(2,089)	(357,752)	-	(3,476,644)
At 31 December 2021	<u>84,710</u>	<u>7,000</u>	<u>37,063</u>	<u>162,074</u>	<u>290,847</u>
<b>Net book value</b>					
At 31 December 2021	<u>549,958</u>	<u>25,751</u>	<u>4,155</u>	<u>58,502</u>	<u>638,366</u>
At 31 December 2020	<u>938,120</u>	<u>29,027</u>	<u>21,871</u>	<u>63,664</u>	<u>1,052,682</u>

Freehold land and buildings include land with a cost of £ 451,000 (2020: £ 451,000) which is not being depreciated.



**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2021**

**11. STOCKS**

	2021 £	2020 £
Raw materials and consumables	5,014	179,189
Unfinished goods	(3,342)	975
Finished goods and goods for resale	106,896	271,492
	<u>108,568</u>	<u>451,655</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £ 3,515,547 (2020: £ 3,948,644).

Stock is stated after provisions for impairment of £ 53,214 (2020: £ 791,979).

**12. DEBTORS**

	2021 £	2020 £
Trade debtors	564,213	891,800
Amounts owed by group undertakings	194,862	275,658
Other debtors	55,355	49,850
Prepayments and accrued income	13,271	51,617
	<u>827,701</u>	<u>1,268,925</u>

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021 £	2020 £
Trade creditors	10,722	67,850
Amounts owed to group undertakings	7,262,321	7,657,187
Other creditors including taxation and social security	86,226	152,234
Lease Liabilities	53,348	52,824
Accruals and deferred income	129,034	150,270
	<u>7,541,651</u>	<u>8,080,365</u>

**14. PROVISIONS**

	Restructuring Provision £
Balance at 1 January 2021	541,751
Provisions used during the year	(377,478)
<b>Balance at 31 December 2021</b>	<u><b>164,273</b></u>

The restructuring provision is in respect of restructuring costs, including those relating to the dismantling of the production plant, in line with the operational restructuring of the business during the year as discussed in the Strategic Report 2020. The provision is expected to be fully utilised by the end of 2022. The impact of discounting is immaterial.

# AKDENIZ CHEMSON ADDITIVES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2021

### 15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £	2020 £
Loan from group undertaking	1,134,378	1,213,691
Lease Liabilities	4,410	11,769
	<u>1,138,788</u>	<u>1,225,460</u>

Borrowings are repayable as follows:

<b>Long term loans</b>		
Less than one year	-	-
Between one and two years	-	-
Between two and five years	1,134,378	1,213,691
	<u>1,134,378</u>	<u>1,213,691</u>

The loan from another group undertaking is unsecured and bears 5.25% interest, which is paid each quarter.

### 16. DEFERRED TAX ASSET

	2021 £	2020 £
<b>Deferred Taxation</b>		
At 1 January	-	-
Charge/(credit) to the profit and loss account	-	-
At 31 December	<u>-</u>	<u>-</u>
 The elements of the unrecognised deferred taxation are as follows:	 £	 £
Accelerated capital allowances	-	-
Losses	947,060	531,158
Capital gains rolled over	(42,895)	(42,895)
	<u>904,165</u>	<u>488,263</u>

### 17. CALLED UP SHARE CAPITAL

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
3,500,002: Ordinary shares of £1 each	<u>3,500,002</u>	<u>3,500,002</u>

# AKDENIZ CHEMSON ADDITIVES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

### 18. CAPITAL CONTRIBUTION RESERVE

	2021 £	2020 £
<b>Subordinated shareholder loan</b>	<b><u>14,679,000</u></b>	<b><u>14,679,000</u></b>

Until 2015 Akdeniz Chemson Additives Limited had an outstanding, subordinated EUR 12.2 million loan from its parent company, for which the subordination and term was extended on a yearly basis. In order to strengthen Akdeniz Chemson Additives Limited and to state its commitment, the parent entity decided to increase the subordinated loan to EUR 20 million and at the same time to extend it for an indefinite time. The repayment of the loan was placed at the sole discretion of Akdeniz Chemson Additives Limited. Therefore, as of 2016 the subordinated loan in the amount of EUR 20 million corresponding to GBP 14.7 million (converted with the exchange rate as of January 01, 2016) is stated as capital contribution and as such as part of the company's equity.

### 19. COMMITMENTS

	2021 £	2020 £
Capital commitments contracted but not provided	<u>-</u>	<u>-</u>

The company adopted IFRS 16 Leases for the first time in financial statements 2019 using the modified retrospective approach. The 2018 operating lease commitments are disclosed above in accordance with IAS 17. No transition note has been disclosed on the adoption of IFRS 16 on the grounds that the adjustments and impacts on the financial statements are immaterial.

### 20. PENSION SCHEME

#### Pension arrangements

After a qualifying period, the company offers employees a G.P.P.P. (Group Personal Pension Plan) which is a defined contribution scheme. This commenced on 1 December 2007 following the closure to future accrual of the previous Defined Benefit scheme.

The company offers employees 8.5% of salary as an employer's contribution, with the employee contributing a minimum of 4% of salary.

The scheme is currently compulsory upon employment but after one month is optional for employees.

As at 31 December 2021 and 2020, all contributions due in respect of the respective reporting period have been paid over to the scheme.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2021**

**21. ULTIMATE PARENT COMPANY**

The company is a wholly owned subsidiary of Akdeniz Chemson Additives AG, a company incorporated in Austria and deemed to be the controlling party.

The largest group in which the results are consolidated is that headed by OYAK (Ordu Yardımlaşma Kurumu /Turkish Armed Forces Assistance (and Pension) Fund), Ankara. Akdeniz Kimya Sanayi ve Ticaret A.Ş., a company incorporated in Turkey is the parent company of the subgroup whose consolidated financial statements are available to the public and may be obtained from Oyak Global Investments: 19, Rue de Bitbourg, L-1273 Luxembourg.

**22. RELATED PARTY TRANSACTIONS**

Under IFRS 1 and IAS 24 “Related Party Disclosures”, the group is exempt from the requirements to provide details of transactions with other wholly owned members of the group headed by Oyak Global Investments.