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## **MNA FINANCE LIMITED**

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### **STRATEGIC REPORT, DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**



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## MNA FINANCE LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	W Chime (appointed 21 September 2022) N A Frost (appointed 1 April 2022) E K Martin (appointed 16 December 2021)
<b>Company secretary</b>	S Arsenic (appointed 21 September 2022, resigned 30 June 2023)
<b>Registered number</b>	10423297
<b>Registered office</b>	York House Sheet Street Windsor United Kingdom SL4 1DD
<b>Bankers</b>	Lloyds Bank Plc Po Box 72, Bailey Drive Gillingham Business Park Gillingham Kent United Kingdom ME8 0LS

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## **MNA FINANCE LIMITED**

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## MNA FINANCE LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Introduction

The Directors present their Strategic report on MNA Finance Limited ('the Company') for the year ended 31 December 2022. In preparing the Strategic report, the Directors have complied with s414c of the Companies Act 2006.

#### Business review, future developments and principal activity

The Company is a wholly-owned subsidiary of Morgan Advanced Materials plc (Morgan Group) and operates as an investment holding company. Its investment activities during the year are detailed in note 9. There were no additions to investments in the year. The Directors do not envisage any change to the business of the Company in the foreseeable future.

#### Principal risks and uncertainties

The Company's ultimate holding company is Morgan Advanced Materials plc and the principal risks and uncertainties of the Group are given in the Annual Report and Account of Morgan Advanced Materials plc for the year ended 31 December 2022.

#### Results

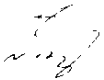
The profit before tax for the year was £18,957,000 (2021: £1,768,000). Dividends of £10,074,000 (2021: £8,419,000) were received from subsidiaries in the year. Net assets as at 31 December 2022 were 15,682,000 (2021: net liabilities of £3,761,000).

#### Section 172 statement

The Company shares a clear purpose with the Morgan Group, to use advanced materials to help make more efficient use of the world's resources and to improve the quality of life. The Morgan Group is committed to the creation of value through sustainable growth and delivers its strategy whilst always working safely, ethically and inclusively, to strengthen and grow the business and to promote its long-term success.

When making decisions relating to the Company's activities as an investment holding company, the Company's directors comply with the requirements of s172 of the Companies Act, in alignment with the Morgan Group's purpose and its key stakeholders.

This report was approved by the board on 25 September 2023 and signed on its behalf.



**N A Frost**  
Director

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## **MNA FINANCE LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

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

The Company is a member of the Morgan Advanced Materials plc group (Morgan Group), which, from March 2016, managed its operations on a global business unit basis. For this reason, the Company's Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £19,443,000 (2021 - profit £2,140,000).

An interim dividend totalling £nil (2021: £nil) in respect of the year ended 31 December 2022 was paid during the year. The Directors do not recommend the payment of a final dividend (2021: £nil).

#### **Directors**

The directors who served during the year to date of signing were:

W Chime (appointed 21 September 2022)  
N A Frost (appointed 1 April 2022)  
E K Martin (appointed 16 December 2021)  
S A Kent (appointed 16 October 2017, resigned 1 April 2022)  
S H Mackie (appointed 28 June 2018, resigned 4 July 2022)

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## MNA FINANCE LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Going Concern

The Morgan Group, including the Company, experienced a cyber security incident in January 2023, having detected unauthorised activity on the network. Immediate steps were taken to contain the incident, launch incident response plans, engage specialist support services and embark on restoring systems, with the Company now being operational. This has been treated as a non-adjusting post balance sheet event and there has been no impact on the financial results reported for the year ended 31 December 2022. The Directors are confident that this does not impact the going concern status of the Company.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate parent Company, Morgan Advanced Materials plc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Morgan Advanced Materials plc not seeking repayment of the amounts currently due to the Group, which at 31 December 2022 amounted to £201.7 million and providing additional financial support during that period. Morgan Advanced Materials plc 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.

The current economic climate continues to have an impact on the Morgan Group, its customers and its suppliers. The Morgan Advanced Materials plc Board and Executive Committee have regular reporting and review processes in place in order to monitor the ongoing operational and financial performance of the Group closely. These processes include the ongoing review of the impact of the cyber security incident on the Group and its stakeholders.

As at 31 December 2022, the Group had both significant available liquidity and headroom on its covenants. Total committed borrowing facilities were £418.3 million. The amount drawn under these facilities was £264.3 million, which together with net cash and cash equivalents of £116.2 million, gave a total headroom of £270.3 million. The multi-currency revolving credit facility was £76.0 million drawn. £34.5 million of senior notes are due to mature in October 2023. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, exchange rates and plausible downside, including the impact of the cyber security incident on 2023 cashflows, show the Group operating within its debt financial covenants.

The Morgan Advanced Materials plc Board also reviewed the Group's reverse stress testing performed to demonstrate how much headroom is available on covenant levels. Based on this assessment, a combined reduction in EBITDA of 40% and an increase in net debt of 45% would still allow the Group to operate within its financial covenants and the Directors continue to adopt a going concern basis.

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.

#### Financial Risk Management

The management of financial risk is as described in the Morgan Advanced Materials 2022 Annual Report.

#### Streamlined Energy and Carbon Reporting

Streamlined Energy and Carbon Reporting is as described in the Morgan Advanced Materials 2022 Annual Report.

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**MNA FINANCE LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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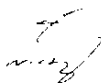
**Future Developments**

The Directors do not envisage any change to the business of the Company in the foreseeable future.

**Post balance sheet events**

Information relating to events since the end of the year is given in note 15 to the financial statements.

This report was approved by the board on 25 September 2023 and signed on its behalf.



N A Frost  
Director

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## **MNA FINANCE LIMITED**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



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**MNA FINANCE LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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	Note	2022 £000	2021 £000
Turnover		-	-
<b>Gross profit</b>		<u>-</u>	<u>-</u>
General overheads		(4,219)	-
Other operating income		-	3,341
<b>Operating (loss)/profit</b>	4	<u>(4,219)</u>	<u>3,341</u>
Income from shares in group undertakings		10,074	8,419
Reversal of impairment / (Impairment of investment)		22,075	(3,919)
Interest receivable and similar income	6	10,388	6,995
Interest payable and similar expenses	7	(19,361)	(13,068)
<b>Profit before tax</b>		<u>18,957</u>	<u>1,768</u>
Tax on profit	8	486	372
<b>Profit for the financial year</b>		<u><u>19,443</u></u>	<u><u>2,140</u></u>
<b>Other comprehensive income:</b>			
Other comprehensive income		-	-
		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><u>19,443</u></u>	<u><u>2,140</u></u>

The notes on pages 10 to 21 form part of these financial statements.

All of the above figures relate wholly to continuing operations.

**MNA FINANCE LIMITED**  
**REGISTERED NUMBER: 10423297**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
<b>Non-current assets</b>			
Investments and other financial assets	9	211,621	182,692
		<u>211,621</u>	<u>182,692</u>
<b>Current assets</b>			
Derivative financial asset	9	4,245	-
Debtors: amounts falling due within one year	10	1,450	1,594
Cash at bank and in hand		41	78
		<u>5,736</u>	<u>1,672</u>
Creditors: amounts falling due within one year	11	(108,281)	(303)
<b>Net current (liabilities)/assets</b>		<u>(102,545)</u>	<u>1,369</u>
<b>Total assets less current liabilities</b>		<u>109,076</u>	<u>184,061</u>
Creditors: amounts falling due after more than one year	12	(93,394)	(187,822)
		<u>15,682</u>	<u>(3,761)</u>
<b>Net assets/(liabilities)</b>		<u><u>15,682</u></u>	<u><u>(3,761)</u></u>
<b>Capital and reserves</b>			
Profit and loss account		15,682	(3,761)
		<u><u>15,682</u></u>	<u><u>(3,761)</u></u>

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**MNA FINANCE LIMITED**  
**REGISTERED NUMBER: 10423297**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2022**

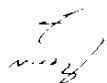
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The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Company was entitled to exemption from the requirement to have an audit under section 479A of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2023.



**N A Frost**  
Director

The notes on pages 10 to 21 form part of these financial statements.

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**MNA FINANCE LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 1 January 2021</b>	-	(5,901)	(5,901)
<b>Comprehensive income for the year</b>			
Profit for the year and other comprehensive income	-	2,140	2,140
<b>At 1 January 2022</b>	-	(3,761)	(3,761)
<b>Comprehensive income for the year</b>			
Profit for the year and other comprehensive income	-	19,443	19,443
<b>At 31 December 2022</b>	-	<b>15,682</b>	<b>15,682</b>

The notes on pages 10 to 21 form part of these financial statements.

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## MNA FINANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1. General information

MNA Finance Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006. The address of its registered office is York House, Sheet Street, Windsor, United Kingdom, SL4 1DD.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraphs 10(d), 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

##### 2.3 Financial instruments

Financial assets and financial liabilities are recognised in the Company balance sheet when the Company becomes party to the contractual provisions of the instrument.

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## MNA FINANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 2. Accounting policies (continued)

##### 2.4 Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

##### 2.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other debtors, cash and cash equivalents, and trade and other creditors.

##### 2.6 Trade and other debtors

Trade and other debtors are recorded initially at transaction price and subsequently measured at amortised cost. This results in their recognition at nominal value less an allowance for any doubtful debts. The allowance for doubtful debts is recognised based on management's expectation of losses without regard to whether an impairment trigger happened or not (an "expected credit loss" model). The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECL.

##### 2.7 Trade and other creditors

Trade and other creditors are recognised initially at transaction price. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. The Directors consider that the carrying amount of trade payables approximates to their fair value.

##### 2.8 Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks including non-designated foreign exchange forward contracts.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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## MNA FINANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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## 2. Accounting policies (continued)

### 2.9 Financial guarantee contracts

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee, at which point a liability would be recognised.

### 2.10 Taxation

Tax on the profit or loss for the year comprises of current tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

### 2.11 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

#### (b) 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 income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

### 2.12 Finance income and expense

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested and gains and losses on hedging instruments that are recognised in the income statement. Interest income is recognised in the income statement as it accrues, using the effective interest method.

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## MNA FINANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 2. Accounting policies (continued)

##### 2.13 Consolidation

The Company is a wholly owned subsidiary of Morgan Advanced Materials plc. It is included in the consolidated financial statements of Morgan Advanced Materials plc, which are publicly available. Therefore the Company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is York House, Sheet Street, Windsor, United Kingdom, SL4 1DD.

##### 2.14 Investment in subsidiaries

Investments in subsidiaries are carried at cost less provision for impairment. The Company tests the *investment balances for impairment annually or when there are indicators of impairment. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. Where these circumstances have reversed, the impairment previously made is reversed to the extent of the original cost of the investment.*



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## MNA FINANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 2. Accounting policies (continued)

##### 2.15 Going concern

The Morgan Group, including the Company, experienced a cyber security incident in January 2023, having detected unauthorised activity on the network. Immediate steps were taken to contain the incident, launch incident response plans, engage specialist support services and embark on restoring systems, with the Company now being operational. This has been treated as a non-adjusting post balance sheet event and there has been no impact on the financial results reported for the year ended 31 December 2022. The Directors are confident that this does not impact the going concern status of the Company.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate parent Company, Morgan Advanced Materials plc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Morgan Advanced Materials plc not seeking repayment of the amounts currently due to the Group, which at 31 December 2022 amounted to £201.7 million and providing additional financial support during that period. Morgan Advanced Materials plc 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.

The current economic climate continues to have an impact on the Morgan Group, its customers and its suppliers. The Morgan Advanced Materials plc Board and Executive Committee have regular reporting and review processes in place in order to monitor the ongoing operational and financial performance of the Group closely. These processes include the ongoing review of the impact of the cyber security incident on the Group and its stakeholders.

As at 31 December 2022, the Group had both significant available liquidity and headroom on its covenants. Total committed borrowing facilities were £418.3 million. The amount drawn under these facilities was £264.3 million, which together with net cash and cash equivalents of £116.2 million, gave a total headroom of £270.3 million. The multi-currency revolving credit facility was £76.0 million drawn. £34.5 million of senior notes are due to mature in October 2023. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, exchange rates and plausible downside, including the impact of the cyber security incident on 2023 cashflows, show the Group operating within its debt financial covenants.

The Morgan Advanced Materials plc Board also reviewed the Group's reverse stress testing performed to demonstrate how much headroom is available on covenant levels. Based on this assessment, a combined reduction in EBITDA of 40% and an increase in net debt of 45% would still allow the Group to operate within its financial covenants and the Directors continue to adopt a going concern basis.

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.

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## MNA FINANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Management identifies the assumptions required in investment impairment assessments as a key source of estimation uncertainty with a significant risk of a material adjustment to the asset carrying values of the Company. Assessment of impairment relies on the use of estimates of the future probability in a multiple based valuation, which may differ from the actual results achieved. See note 9 for a sensitivity analysis.

#### 4. Profit before taxation

The profit before taxation is stated after charging/(crediting):

	2022 £000	2021 £000
Fair value movements in respect of derivatives	(16,843)	(5,183)
Dividends received from Group undertakings	(10,074)	(8,419)
Interest received from Group undertakings	(10,388)	(6,995)
Interest payable to group undertakings	19,361	13,068
General overheads	21,062	1,842
(Reversal of impairment) / Impairment of investment	(22,075)	3,919
	<u>(18,957)</u>	<u>(1,768)</u>

#### 5. Employees

The Company has no employees (2021: none).

The Directors performed no qualifying services for the Company in respect of the current or preceding periods and therefore received no emoluments.

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**MNA FINANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**6. Interest receivable**

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
Interest received from Group undertakings	<b>10,388</b>	6,995
	<b><u>10,388</u></b>	<u>6,995</u>

**7. Interest payable and similar expenses**

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
Interest paid to Group undertakings	<b>19,361</b>	13,068
	<b><u>19,361</u></b>	<u>13,068</u>

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**MNA FINANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**8. Taxation**

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>(486)</b>	<b>(372)</b>
<b>Total current tax</b>	<b><u>(486)</u></b>	<b><u>(372)</u></b>

**Factors affecting tax charge for the year**

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

	<b>2022</b> <b>£000</b>	<b>2021</b> <b>£000</b>
Profit on ordinary activities before tax	<b><u>18,957</u></b>	<b><u>1,768</u></b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<b>3,602</b>	<b>336</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>(1,914)</b>	<b>744</b>
Adjustments to tax charge in respect of prior periods	<b>164</b>	<b>147</b>
Non-taxable income	<b>(4,194)</b>	<b>(1,599)</b>
Movement in unrecognised deferred tax	<b>1,856</b>	<b>-</b>
<b>Total tax charge for the year</b>	<b><u>(486)</u></b>	<b><u>(372)</u></b>

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**MNA FINANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**9. Investments and other financial assets**

	Investments in subsidiary companies £000	Loans to subsidiaries £000	Derivatives £000	Total £000
<b>Cost or valuation</b>				
At 1 January 2022	194,956	7,100	2,711	204,767
Additions	-	2,310	-	2,310
Revaluations	-	-	8,789	8,789
At 31 December 2022	<u>194,956</u>	<u>9,410</u>	<u>11,500</u>	<u>215,866</u>
At 1 January 2022	22,075	-	-	22,075
Reversal of impairment	(22,075)	-	-	(22,075)
At 31 December 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>				
At 31 December 2022	<u>194,956</u>	<u>9,410</u>	<u>11,500</u>	<u>215,866</u>
At 31 December 2021	<u>172,881</u>	<u>7,100</u>	<u>2,711</u>	<u>182,692</u>

In the current year, the provision made to the investment in Morgan Finance Management Limited was fully reversed by £22,075,000. The reversal of impairment was recognised following a review of the Company's investment in subsidiary undertakings by management and reflects the increased expectation in future cash flows arising from these investments. The impairment assessment uses the Board approved 2023 forecasts in a profit multiple valuation, which is sensitive to changes in the principal assumptions. A 2% increase or decrease in either the profit or the multiple would not affect the carrying value of shares in Group undertakings at 31 December 2022. Management consider these changes in assumptions to be reasonably possible.

Loans to subsidiaries are three year floating facilities. The terms are expected to be renewed after each three year period. The interest rate as at 31 December 2022 was 3.28% (31 December 2021: 0.35-6.75%).

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**MNA FINANCE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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The companies in which the Company's interest at the year end is 20% or more (in ordinary shares unless otherwise stated) are as follows:

<b>Name</b>	<b>Country of Incorporation</b>	<b>Registered Office Address</b>	<b>Principal Activity</b>	<b>% of Shares held</b>
<b>Subsidiary undertakings - directly owned</b>				
Morgan Finance Management Ltd	United Kingdom	York House, Sheet Street, Windsor, United Kingdom, SL4 1DD	Financing Company	100%

**10. Debtors**

	<b>2022 £000</b>	<b>2021 £000</b>
Amounts owed by group undertakings	<b>569</b>	<b>244</b>
Tax recoverable	<b>881</b>	<b>1,350</b>
	<u><b>1,450</b></u>	<u><b>1,594</b></u>

Amounts owed by Group undertakings are three year floating facilities. The terms are expected to be renewed after each three year period. The interest rate as at 31 December 2022 was 3.28% (31 December 2021: 0.35-6.75%).

**11. Creditors: Amounts falling due within one year**

	<b>2022 £000</b>	<b>2021 £000</b>
Amounts owed to group undertakings	<b>108,281</b>	<b>303</b>
	<u><b>108,281</b></u>	<u><b>303</b></u>

Amounts owed to Group undertakings include fixed and floating loans. The terms are expected to be renewed after each loan matures. The interest rate as at 31 December 2022 was 6.45-6.75% (31 December 2021: 2.83-6.75%).

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## MNA FINANCE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 12. Creditors: Amounts falling due after more than one year

	2022 £000	2021 £000
Amounts owed to group undertakings	93,394	179,588
Derivative financial liability	-	8,234
	<u>93,394</u>	<u>187,822</u>

Amounts owed to group undertakings include fixed and floating facilities. The terms are expected to be renewed after each loan matures. The interest rates at 31 December 2022 were 6.45-6.75% (31 December 2021: 2.82-6.75%).

#### 13. Share capital

	2022 £000	2021 £000
<b>Authorised, allotted, called up and fully paid</b>		
1 (2021 - 1) Ordinary share of £1.00	<u>-</u>	<u>-</u>

#### 14. Contingent liabilities

The Company participates in a cash pooling arrangement provided by Lloyds Bank plc with other UK Group companies. As part of that pooling arrangement, the Company has provided a Guarantee for any liabilities of the other participating companies to the bank, limited to the lower of:

- a) an amount equal to the base currency amount of the total liabilities in the cash pool; and
- b) an amount equal to the base currency amount of such guarantor's own net credit balance in the cash pool.

At the balance sheet date, the guaranteed amount was £40,556 (2021: £50,000).

#### 15. Post balance sheet events

The Morgan Group, including the Company, experienced a cyber security incident in January 2023, having detected unauthorised activity on the network. Immediate steps were taken to contain the incident, launch incident response plans, engage specialist support services and embark on restoring systems, with the Company now being operational.

This has been treated as a non-adjusting post balance sheet event and there has been no impact on the financial results reported for the year ended 31 December 2022 the Directors are confident that this does not impact the going concern status of the Company.

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## **MNA FINANCE LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **16. Ultimate Parent Company**

The immediate and ultimate parent company is Morgan Advanced Materials plc, a company incorporated and registered in the United Kingdom.

The smallest and largest group in which the results of the Company are consolidated is that headed by Morgan Advanced Materials plc. The Consolidated accounts of Morgan Advanced Materials plc are available to the public and may be obtained from its registered office situated at York House, Sheet Street, Windsor, United Kingdom, SL4 1DD.