Registration number: 01005238

Solvay Interox Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019

Solvay Interox Limited

Contents

Solvay Interox Limited

Company Information

Directors

A Murphy

F Cerchiari de Oliveira

R Tarver

Company secretary

A Murphy

Registered office

Solvay House
Baronet Road
Warrington
WA4 6HA

Bankers

BNP Paribas
10 Harewood Avenue
London
NW1 6AA

Auditor

Deloitte LLP
Four BrindleyPlace
Birmingham
B1 2HZ

UK

Solvay Interox Limited

Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

Fair review of the business

The Company has developed its Hydrogen Peroxide business into new markets and applications, and is likely to expand this business further. Hydrogen Peroxide, along with utilities and other services, are supplied to a Company based on the Warrington site which purchased part of the Company's operations in 2008. The Solvay Group is a leading global supplier of Hydrogen Peroxide.

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

	Unit	2019	2018
Revenue	£'m	26.60	25.80
Operating profit/(loss)	£'m	0.09	(0.50)
Capital expenditure	£'m	0.90	1.00
Loan to parent company	£'m	45.06	47.74

In the current period revenues are very similar to the previous period, markets remain stable for core products with some additional demand in 2019 for the veterinary grade product.
Operating profits have recovered during the year reflecting the stabilisation of utility prices
Capital expenditure remains in line with requirements for maintaining operating equipment
The loan to the parent company has decreased during the year due to the deficit contributions paid to the defined benefit pension fund, which are in excess of the cash generated by the business during the year.

Principal risks and uncertainties

The Company is the only producer of Hydrogen Peroxide in the UK, but faces competition from imported products. The Company maintains good relationships with its customers and offers a responsive service.
The Company is a highly energy dependent business using gas and electricity, but also using Hydrogen (linked to the price of gas) as a raw material. The Company invests considerable time in understanding these markets and making appropriate decisions with regard to their purchase. The buying power of the Solvay group reduces the adverse impact of movements in commodity prices.

The Company both sells finished products and purchases raw materials and services from the EU and had therefore set up a Brexit task force to ensure preparedness for the transition expected at the end of 2020. This taskforce has considered all options including a no deal exit from the EU and has focused on putting supply chain measures in place to ensure that supplies are not disrupted. As of the report date, Brexit has not had a significant impact on the performance of the company. At the Solvay Group level an IT project was managed to facilitate new customs and taxes regimes.

The Company receives its funding from Solvay SA. These loans are at rates linked to the Group's borrowing costs. Foreign exchange risk is managed by the group treasury function, through utilising group banking facilities and internal bank accounts.

The Company has a defined benefit pension scheme detailed in note 22 whose deficit is dependent upon assumptions made in respect of discount rate and life expectancy. The Company recognises gains and losses through other comprehensive income in the statement of comprehensive income. A deficit funding plan is in place and is reviewed by the Company of Trustees during the triennial valuation process.

Approved by the Board on 1 April 2021 and signed on its behalf by:

....
A Murphy
Director

Solvay Interox Limited

Directors' Report for the Year Ended 31 December 2019

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

Directors' of the company

The directors, who held office during the year and up to the date of this report, were as follows:

A Murphy

C Barraclough (Resigned 14 August 2020)

H Venbrux (Resigned 31 October 2020)

J Allen (Resigned 30 June 2019)

The following directors were appointed after the year end:

F Cerchiari de Oliveira (appointed 15 October 2020)

R Tarver (appointed 15 October 2020)

Financial risk management policies and objectives

Objectives and policies

The Company's operations expose it to a variety of financial risks that include exchange risk, credit risk, liquidity risk and interest rate risk. The Company does not use external derivative financial instruments to manage those risks but does have in place currency hedge arrangements with its ultimate parent company to manage the impact of foreign currency transactions.

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

Credit risk and cash flow risk

The Company's principal financial assets are trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Company receives its funding from Solvay SA. These loans are at rates linked to the Group's borrowing costs. Foreign exchange risk is managed by the group treasury function, through utilising group banking facilities and internal bank accounts.

Interest rate risk and liquidity risk

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only intercompany balances at variable interest rates and cash balances. Interest bearing liabilities include only intercompany balances at variable rates of interest. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses intercompany funding

Employment of disabled persons

It is the Company's policy and practice to give full and fair consideration to applications for employment by disabled persons, having regard to their particular aptitudes and abilities, and to continue, whenever possible, the employment of, and arranges appropriate training for, employees of the Company who become disabled during their employment. Where medical advice indicates that continued employment is not practicable or desirable, an ill-health retirement scheme is available.

Solvay Interox Limited

Directors' Report for the Year Ended 31 December 2019 (continued)

Employee involvement
The Company has maintained its policy of keeping employees informed of matters that concern them by means of in-house publications, video recordings and briefings. Local site location councils and a Company council provide opportunities for consultation on both current performance and future plans.

Environmental matters
Solvay Interox Limited recognises the importance of its environmental responsibilities, monitors and reports its impact on the environment in accordance with its Environmental Permit and strives for continual improvement in the management of its impact on the environment through the effective use of its ISO14001 certified Environmental Management System. The Company operates in accordance with Solvay Group policies for Sustainability which are described in the Group's annual report which does not form part of this report. Initiatives designed to minimise the Company's impact on the environment include improving energy use, minimising consumption of water and reduction in quantity and impact of waste generated.
Energy
The production and use of energy, is managed with due regard for the commitments of the Kyoto Protocol and the European "Emissions Trading" directive concerning CO_2 emissions quotas, the system of which is currently under revision. Solvay is monitoring the effect of the Kyoto protocol and the cost of CO_2 emissions.
The Kyoto protocol is endorsed by Solvay and is integrated in its strategy as it at least indirectly affects every Company including upstream operators (through energy cost and raw materials) and downstream businesses (with an impact on transport, contractors and customers).

Future developments
Whilst operating conditions in 2020 are expected to be difficult following the COVID 19 outbreak and subsequent lockdowns, the company has continued to operate with no interruptions and anticipates that revenues and operating profitability will remain in line with 2019 results.
The Company will look forward to develop sales in existing markets and reduce operating costs, while ensuring that safety and environmental considerations remain a top priority.
The Company is also seeking other business opportunities to use its Warrington site where there is available land and surplus utility capacity, which will help to ensure the continued sustainability of the site.

Research and development
The Group's strategy for growth continues to include a significant business-focussed commitment to development. This is directed towards medium term opportunities and includes the development of new product applications.

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The directors, having assessed the responses of the directors of the company's ultimate controlling party Solvay S.A. to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Solvay group to continue as a going concern.

The company utilises treasury facilities provided to it by financing entities which are subsidiaries of Solvay SA. On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Solvay S.A., the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Solvay SA has indicated that for at least 13 months from the date of signing of these financial statements, it will continue to make available such funds as are needed by the company and its subsidiary companies in order to enable them to meet their financial obligations as they fall due. The directors consider that this should enable the company to continue on a going concern basis for the foreseeable future by meeting its liabilities as they fall due.

Important adjusting events after the financial period

In July 2020 Solvay SA paid a settlement indemnity to Cartel Damage Claims ("CDC") in connection with a civil prosecution linked with an older EU Commission finding. Of the total payment of Euros 19m, an amount of £4,028,854 was recharged to the company by Solvay SA. This has been treated as an adjusting event and reflected in the 2019 results as it pertained to an earlier Commission finding.

Important non adjusting events after the financial period

On 11 March 2020, the World Health Organization declared the current COVID-19 outbreak to be a global pandemic, the UK government moved to a 'delay' phase on 12 March, announced social distancing measures on 16 March, and 'stay at home' restrictions on 23 March, which resulted in unprecedented challenges in the market place. The directors have concluded that the impact of the virus and the necessity for large scale Government interventions in response to COVID-19 only became apparent after the balance sheet date and therefore the consequences of such interventions represented non-adjusting post balance sheet events. The expected impact has been detailed in the Future developments section.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

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

Approved by the Board on 1 April 2021 and signed on its behalf by:

A

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A Murphy

Director

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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 may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Solvay Interox Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Solvay Interox Limited (the company):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard101 'Reduced Disclosure Framework' ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- profit and loss account;
- statement of total comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Emre Saka

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Emre Saka (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor

Four BrindleyPlace
Birmingham
B1 2HZ

Date: 01 April 2021 | 18:19:31 BST

Solvay Interox Limited

Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Turnover	4	26,610	25,755
Cost of sales		(20,005)	(18,745)
Gross profit		6,605	7,010
Administrative expenses		(17,805)	(18,849)
Other operating income	5	11,291	11,346
Operating profit/(loss)	6	91	(493)
Other interest receivable and similar income	7	317	275
Interest payable and similar charges	8	(1,141)	(1,073)
		(824)	(798)
Loss before tax		(733)	(1,291)
Tax on loss	12	(1,266)	147
Loss for the year		(1,999)	(1,144)

The above results were derived from continuing operations.

Solvay Interox Limited

Statement of Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Loss for the year		(1,999)	(1,144)
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post employment benefit obligations	22	7,383	(4,005)
Deferred tax on Remeasurements of post employment benefit obligations	22	(1,539)	681
		5,844	(3,324)
Items that may be reclassified subsequently to profit or loss			
Gain/(loss) on cash flow hedges	12	(1,436)	(214)
Deferred tax on cash flow hedges	12	244	-
		(1,192)	(214)
Other comprehensive income/ (expense) for the year, net of tax		4,652	(3,538)
Total comprehensive income / (expense) for the year		2,653	(4,682)

Solvay Interox Limited

(Registration number: 01005238)
Balance Sheet as at 31 December 2019

	Note	31 December 2019 £ 000	31 December 2018 £ 000
Fixed assets			
Intangible assets	15	11	16
Tangible assets	13	6,279	6,086
Right of use assets	14	195	-
Deferred tax assets	12	4,869	9,268
		11,354	15,370
Current assets			
Stocks	16	2,062	1,821
Debtors	17	47,271	50,383
		49,333	52,204
Creditors: Amounts falling due within one year	21	(10,844)	(5,996)
Net current assets		38,489	46,208
Total assets less current liabilities		49,843	61,578
Creditors: Amounts falling due after more than one year			
Long term lease liabilities		(123)	-
Deferred tax liabilities	12	-	(2,510)
		(123)	(2,510)
Provisions for liabilities	20	(575)	(1,397)
Net assets excluding pension (liability)		49,145	57,671
Net pension liability	22	(24,266)	(35,445)
Net assets		24,879	22,226
Capital and reserves			
Called up share capital	18	30,000	30,000
Share premium reserve		522	522
Profit and loss account		(5,643)	(8,296)
Shareholders' funds		24,879	22,226

Approved by the Board on 1 April 2021 and signed on its behalf by:

A Murphy
Director

The notes on pages 15 to 45 form an integral part of these financial statements.

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2019	30,000	522	(8,296)	22,226
Loss for the year	-	-	(1,999)	(1,999)
Other comprehensive income for the year	-	-	4,652	4,652
Total comprehensive income for the year	-	-	2,653	2,653
At 31 December 2019	30,000	522	(5,643)	24,879

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2018	30,000	522	(3,614)	26,908
Loss for the year	-	-	(1,144)	(1,144)
Other comprehensive expense for the year	-	-	(3,538)	(3,538)
Total comprehensive expense for the year	-	-	(4,682)	(4,682)
At 31 December 2018	30,000	522	(8,296)	22,226

The notes on pages 15 to 45 form an integral part of these financial statements.

Solvay Interox Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

The company is a private company limited by share capital, incorporated and domiciled in United Kingdom under the Companies Act 2006.

The address of its registered office is:
Solvay House
Baronet Road
Warrington
WA4 6HA

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 to all the years presented, unless otherwise stated.

Basis of preparation
These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The financial statements are prepared under the historical cost convention.

The Company meets the definition of a qualifying entity under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the Company changed its accounting framework from pre-2015 UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

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

Summary of disclosure exemptions
As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.
Where relevant, equivalent disclosures have been given in the group accounts of Solvay SA. The group accounts of Solvay SA are available to the public and can be obtained as set out in note 25.

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis.
The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The directors, having assessed the responses of the directors of the company's ultimate controlling party Solvay S.A. to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Solvay group to continue as a going concern.

The company utilises treasury facilities provided to it by financing entities which are subsidiaries of Solvay SA. On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Solvay S.A., the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Solvay SA has indicated that for at least 13 months from the date of signing of these financial statements, it will continue to make available such funds as are needed by the company and its subsidiary companies in order to enable them to meet their financial obligations as they fall due. The directors consider that this should enable the company to continue on a going concern basis for the foreseeable future by meeting its liabilities as they fall due.

Adjusting events after the financial period

In July 2020 Solvay SA paid a settlement indemnity to Cartel Damage Claims ("CDC") in connection with a civil prosecution linked with an older EU Commission finding. Of the total payment of Euros 19m, an amount of £4,028,854 was recharged to the company by Solvay SA. This has been treated as an adjusting event and reflected in the 2019 results as it pertained to an earlier Commission finding.

Changes in accounting policy

New standards, interpretations and amendments effective

The following have been applied for the first time from 1 January 2019 and have had an effect on the financial statements:

IFRS 16

In the current year, the Company has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3.

The date of initial application of IFRS 16 for the Company is 1 January 2019. The Company has applied IFRS 16 using the cumulative catch-up approach which:

2 Accounting policies (continued)

IFRS 16 (continued)

• Requires the Company to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.

• Does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 January 2019. The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4. The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. Applying IFRS 16, for all leases (except as noted below), the Company: a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii) b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows. Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36. For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in profit or loss.

Revenue recognition

The company earns revenue from the manufacture and sale of hydrogen peroxide.

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. This revenue is recognised in the accounting period when control of the product has been transferred, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

2 Accounting policies (continued)

Revenue recognition (continued)
The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

The main performance obligations in contracts consist of delivery of product. For all contracts the stage of completion and delivery of performance obligations are measured at the balance sheet date by reviewing deliveries and incoterms to determine when obligations are completed.

Transaction price

The transaction price is the agreed sales price of the product less discounts and value added taxes.

Finance income and costs policy
Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Foreign currency transactions and balances
Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax
The tax expense 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.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income 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. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

2 Accounting policies (continued)

Tangible assets
Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold land	Not depreciated
Buildings	30 years straight line
Plant and machinery	15 years straight line
Assets in course of construction	No depreciation charged whilst under construction

Intangible assets
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives of 15 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Amortisation
Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Trademarks, patents & licences	15

Trade debtors
Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as fixed assets.

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 debtors.

Stock
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) 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, inventories are assessed for impairment. If inventory is 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.

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. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

Provisions
Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

· Obtain substantially all the economic benefits from the use of the underlying asset, and;
· Direct the use of the underlying asset (eg direct how and for what purpose the asset is used)

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the non-lease components are identified and accounted for separately from the lease component. The consideration in the contract is allocated to the lease and non-lease components on a relative standalone price basis using the principles in IFRS15.

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.
The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.
The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

2 Accounting policies (continued)

Subsequent measurement

After the commencement date, the company measures the lease liability by:
(a) Increasing the carrying amount to reflect interest on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.
Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are [presented separately as non-operating /included in finance cost] in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.
The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.
The modification is accounted for as a separate lease if both:
(a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
(b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.
If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The company then accounts for these in line with the accounting policy for new leases.
If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.
For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.
For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

2 Accounting policies (continued)

Short term and low value leases

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).
The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.
Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statements.

Sub leases

If an underlying asset is re-leased by the company to a third party and the company retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The company continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).
After classification lessor accounting is applied to the sublease.

Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.
An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.
The carrying values of the investments are also reviewed with reference to the future forecast results of the companies in which the investments are held.
Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.
Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2 Accounting policies (continued)

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.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Defined benefit pension obligation

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.
The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.
Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.
The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

2 Accounting policies (continued)

Financial instruments

Initial recognition
Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding tangible assets, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement
Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-
· financial assets at amortised cost;
· financial assets at fair value through other comprehensive income (FVTOCI); or
· financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-
· financial liabilities at amortised cost; or
· financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

2 Accounting policies (continued)

Financial instruments (continued)

Financial assets at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:-
· the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at fair value through the profit or loss (FVTPL)
Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost
All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at fair value through the profit or loss
Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

2 Accounting policies (continued)

Derecognition

Financial assets

The company derecognises a financial asset when;
- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as FVTOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the company is recognised as a separate asset or liability.

The company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

When the company derecognises transferred financial assets in their entirety, but has continuing involvement in them then the entity should disclose for each type of continuing involvement at the reporting date:

(a) The carrying amount of the assets and liabilities that are recognised in the entity's statement of financial position and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which those assets and liabilities are recognised.

(b) The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets;

(c) The amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and how the maximum exposure to loss is determined

(d) The undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee for the transferred assets

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

2 Accounting policies (continued)

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Financial liabilities

If the terms of a financial liabilities are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognised and new financial liabilities are recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the company recalculates the gross carrying amount of the financial liabilities and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

Impairment of financial assets

For trade receivables, the company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, 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.

The following are all sources of estimation uncertainty; there are no critical accounting judgements.

Impairment of non-financial assets

Impairment reviews of the Company's property, plant and equipment and intangible assets are performed on an annual basis. The carrying values of the investments are also reviewed with reference to the future forecast results of the companies in which the investments are held.

Based on management's forecasts as of the balance sheet date, no impairment charges have been recognised. Management have also evaluated post balance sheet events and noted that there are no adjusting events which require further impairment. As of the report date, Management are evaluating whether any impairment is required in relation to the non-current assets in existence as of 31 December 2020.

Retirement benefits

This is an area that requires certain assumptions to be made in order to value our obligations and determine the costs charged to the income statement. These figures are particularly sensitive to assumptions in discount rates, mortality, rates of inflation and expected return on assets. Details of the assumptions made are given in note 22. Assumptions made are mutually consistent but may not be borne out in practice over the long term. The net deficit stated in note 22 is based upon a valuation of scheme assets that are not intended to be realised in the short term and which may change significantly. The net deficit stated in note 22 is also based upon an actuarial valuation of scheme liabilities which is based upon cash flow projections over very long periods of time thus causing the valuation to be inherently uncertain.

Provisions (restructuring, production unit closure, environmental)

The company has a number of provisions that are established based on agreed policies, experience of previous exercises and best estimates of potential costs. These estimates are reviewed regularly.

4 Turnover

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

	2019 £ 000	2018 £ 000
Sale of goods	26,610	25,755

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

	2019 £ 000	2018 £ 000
UK	24,365	22,057
Europe	1,386	2,857
Rest of world	859	841
	26,610	25,755

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2019 £ 000	2018 £ 000
Miscellaneous other operating income	11,291	11,346

6 Operating profit

Arrived at after charging/(crediting)

	2019 £ 000	2018 £ 000
Depreciation expense	741	691
Depreciation on right of use assets - Other	112	-
Amortisation expense	5	5
Write-down of inventory to net realisable value	(72)	-
Foreign exchange losses	(29)	(13)

7 Other interest receivable and similar income

	2019 £ 000	2018 £ 000
Other finance income	317	275

8 Interest payable and similar charges

	2019 £ 000	2018 £ 000
Other finance costs	1,136	1,073
Interest expense on leases - Machinery	5	-
	1,141	1,073

9 Staff costs

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

	2019 £ 000	2018 £ 000
Wages and salaries	6,274	5,142
Social security costs	658	607
Pension costs, defined contribution scheme	221	190
Pension costs, defined benefit scheme	11	3,264
	7,164	9,203

9 Staff costs (continued)

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

	2019 No.	2018 No.
Production	58	59
Administration and support	26	24
Sales	7	7
	91	90

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £ 000	2018 £ 000
Remuneration	186	328
Compensation for loss of office	189	-
	375	328

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019 No.	2018 No.
Accruing benefits under defined benefit pension scheme	1	3

In respect of the highest paid director:

	2019 £ 000	2018 £ 000
Remuneration	117	125

11 Auditors' remuneration

	2019 £ 000	2018 £ 000
Audit of the financial statements	46	37

12 Income tax

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

Solvay Interox Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

12 Income tax (continued)

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax	587	(133)
Deferred taxation		
Arising from origination and reversal of temporary differences	679	(14)
Tax expense/(receipt) in the profit and loss account	1,266	(147)

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Loss before tax	(733)	(1,291)
Corporation tax at standard rate	(139)	(245)
Increase in current tax from adjustment for prior periods	744	-
Increase from effect of expenses not deductible in determining taxable profit	109	96
Increase from effect of unrelieved tax losses carried forward	549	-
Deferred tax expense relating to changes in tax rates or laws	3	2
Total tax charge/(credit)	1,266	(147)

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted rates and reflected in these financial statements. In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporate tax rates from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%.

Solvay Interox Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

12 Income tax (continued)

Deferred tax

Amounts recognised in other comprehensive income

	2019 Before tax £ 000	2019 Tax (expense) benefit £ 000	2019 Net of tax £ 000	2018 Before tax £ 000	2018 Tax (expense) benefit £ 000	2018 Net of tax £ 000
Gain/(loss) on cash flow hedges (net)	(1,436)	244	(1,192)	(214)	-	(214)
Remeasurements of post employment benefit obligations (net)	7,383	(1,539)	5,844	(4,005)	681	(3,324)
	5,947	(1,295)	4,652	(4,219)	681	(3,538)

Deferred tax assets and liabilities:

	2019 Asset £ 000	2018 Asset £ 000
Accelerated tax depreciation	579	393
Pension benefit obligations	4,170	6,252
Other items	120	115
	4,869	6,760

Solvay Interox Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

12 Income tax (continued)

Deferred tax movement during the year:

	At 1 January 2019 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2019 £ 000
Accelerated tax depreciation	393	186	-	579
Pension benefit obligations	6,252	(543)	(1,539)	4,170
Other items	115	5	-	120
Net tax assets/(liabilities)	6,760	(352)	(1,539)	4,869

Deferred tax movement during the prior year:

	At 1 January 2018 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 December 2018 £ 000
Accelerated tax depreciation	304	89	-	393
Pension benefit obligations	5,627	(56)	681	6,252
Other items	134	(19)	-	115
Net tax assets/(liabilities)	6,065	14	681	6,760

13 Tangible assets

	Freehold land and buildings £ 000	Furniture, fittings and equipment £ 000	Other property, plant and equipment £ 000	Total £ 000
Cost or valuation				
At 1 January 2019	6,581	60,435	14	67,030
Additions	41	811	82	934
Transfers	-	25	(25)	-
At 31 December 2019	6,622	61,271	71	67,964
Depreciation				
At 1 January 2019	5,007	55,937	-	60,944
Charge for the year	139	602	-	741
At 31 December 2019	5,146	56,539	-	61,685
Carrying amount				
At 31 December 2019	1,476	4,732	71	6,279
At 31 December 2018	1,574	4,498	14	6,086

Solvay Interox Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

14 Right of use assets

	Other £ 000	Total £ 000
Cost or valuation		
At 1 January 2019	143	143
Additions	164	164
At 31 December 2019	307	307
Depreciation		
Charge for the year	112	112
At 31 December 2019	112	112
Carrying amount		
At 31 December 2019	195	195

15 Intangible assets

	Trademarks, patents and licenses £ 000	Total £ 000
Cost or valuation		
At 1 January 2019	85	85
At 31 December 2019	85	85
Amortisation		
At 1 January 2019	69	69
Amortisation charge	5	5
At 31 December 2019	74	74
Carrying amount		
At 31 December 2019	11	11
At 31 December 2018	16	16

16 Stock

	31 December 2019 £ 000	31 December 2018 £ 000
Raw materials and consumables	1,483	1,323
Finished goods and goods for resale	579	498
	2,062	1,821

16 Stock (continued)

The cost of stock recognised as an expense in the year amounted to £5,297,788 (2018 - £5,367,706). This is included within cost of sales.

The amount of write-down of stock recognised as an expense in the year is £Nil (2018 - £1,000). This is included within cost of sales.

The amount of write-down of stock reversed through expenses in the year is £72,124 (2018 - £Nil). This is included within cost of sales.

17 Trade and other debtors

	31 December 2019 £ 000	31 December 2018 £ 000
Trade debtors	1,089	1,014
Debtors from related parties	45,766	48,534
Prepayments	238	221
Other debtors	178	614
	47,271	50,383

Of the amounts owed by related parties, £45,697,000 (2018:£48,135,000) are owed by fellow subsidiary companies and of this amount £639,000 (2018: £398,000) are unsecured, repayable on demand and are interest free, and the remaining £45,058,000 (2018: £47,737,000) are unsecured, repayable on demand and are charged interest at the inter company monthly rates. The balance of £69,000 (2018: £nil) is due from the ultimate parent company and is unsecured, repayable on demand and interest free.

18 Share capital

Authorised, allotted, called up and fully paid shares

	31 December 2019 No. 000	31 December 2019 £ 000	31 December 2018 No. 000	31 December 2018 £ 000
Ordinary shares of £1 each	30,000	30,000	30,000	30,000

19 Leases

	31 December 2019 £ 000	31 December 2018 £ 000
Current portion of long term lease liabilities	76	-
Long term lease liabilities	123	-

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	31 December 2019 £ 000	31 December 2018 £ 000
Less than one year	76	-
2 years	63	-
3 years	39	-
4 years	15	-
5 years	4	-
6 years	2	-
Total lease liabilities (undiscounted)	199	-

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

Payment	31 December 2019 £ 000	31 December 2018 £ 000
Right of use assets	112	-
Interest	5	-
Total cash outflow	117	-

20 Other provisions

	Remediation £ 000	Employee benefits £ 000	Restructuring £ 000	Total £ 000
At 1 January 2019	464	259	674	1,397
Increase (decrease) in existing provisions	(11)	-	97	86
Provisions used	(148)	-	(771)	(919)
Increase (decrease) due to passage of time or unwinding of discount	11	-	-	11
At 31 December 2019	316	259	-	575
Non-current liabilities	221	259	-	480
Current liabilities	95	-	-	95

20 Other provisions (continued)

Remediation: The provision is for costs relating to soil remediation and removal of asbestos insulation from within the fabric of the brick work of the large coal fired boilers. The Company agreed a formal remediation programme with the Environmental Agency in accordance with the Environmental Protection Act 1990. A routine revenue forecast is made annually for the re-assessment of the costs.

Employee benefits: Provision relates to the estimated costs of a pension accruing outside of the pension scheme and Jubilee benefits.

Restructuring: The provision related to the cost of restructuring the site operations, all changes were completed by the end of 2019.

21 Trade and other creditors

	31 December 2019 £ 000	31 December 2018 £ 000
Trade creditors	2,548	2,944
Amounts due to related parties	5,550	1,520
Lease labilities	76	-
Other creditors	2,670	1,532
	10,844	5,996

Of the amount due to related parties, £4,026,000 (2018:£nil) is due to the ultimate parent company, the remaining £1,524,000 (2018: £1,520,000) is due to fellow subsidiary companies. All amounts are unsecured, repayable on demand and are interest free.

22 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £221,457 (2018 - £189,778).

22 Pension and other schemes (continued)

Defined benefit pension schemes
Solvay UK Defined Benefits Pension Scheme

The Company contributes to three defined benefit retirement benefit schemes which comprise sections within the Solvay UK Defined Benefit Pension Scheme (the Interox section, the Duphar section and the Specialty Chemicals section). Contributions to the Specialty Chemicals and Duphar sections started in 2010 following the transfer of activities from Solvay Chemicals Limited.
Previously, in respect of the Speciality Chemicals section, the Company took the exemptions provided by IAS 19 (30), where insufficient information is available to determine its share of the assets and liabilities of the scheme, to account for contributions to the schemes on a defined contribution basis. However, Solvay Specialty Chemicals Limited was sold to a third party on 1 November 2015, and just before the sale a Flexible Apportionment Arrangement (FAA) was completed to transfer all the liabilities and obligation of the Specialty Chemicals section to Solvay Interox Limited so the full assets and liabilities are now recognised in Solvay Interox

The plan is subject to the funding legislation, which came into force on 30 December 2005, outlined in the Pensions Act 2004. This, together with documents issued by the Pensions Regulator, and Guidance Notes adopted by the Financial Reporting Council, set the framework for funding defined benefit occupational pension plans in the UK.
The trustees of the plan are required to act in the best interest of the plan's beneficiaries. The appointment of trustees is determined by the plan's trust documentation. It is policy that one third of all trustees should be nominated by the members.

Contributions payable to the pension scheme at the end of the year are £Nil (2018 - £Nil).

The expected contributions to the plan for the next reporting period are £4,358,855.

The scheme was most recently valued on 29 April 2016. A full actuarial valuation was carried out as at 1 April 2016 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the plan is agreed between the company and the trustees in line with those requirements. These in particular require the surplus / deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.
This actuarial valuation as at 1 April 2016 showed a deficit of £26,700,000. The company has agreed with the trustees that it will eliminate the deficit over a period of 8 year and 7 months by the payment of annual contributions of £3,241,000 in the period 1 July 2017 to 30 April 2022 in respect of the deficit. In accordance with the actuarial valuation the company has agreed with the trustees that it will pay 31% of pensionable earnings in respect of the cost of accruing benefits. In addition the company has agreed to £400,000 per annum in total to cover the costs of administrative and other expenses.
For the purposes of FRS101 the preliminary actuarial valuation as at 31 March 2019, which was carried out by a qualified independent actuary, has been updated on an approximate basis to 31 December 2019. There have been no changes in the valuation methodology adopted for this period's disclosures compared to the previous period's disclosures.

22 Pension and other schemes (continued)

Risks

Investment risk
The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The plan holds a significant proportion of equities, which are expected to outperform corporate bonds in the long term while providing volatility and risk in the short term. As the plan continues to mature, the company intends to reduce the level of investment risk by

Interest risk
A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond and LDI holdings.

Inflation risk
The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (in the case of fixed interest bonds) or loosely correlated with (in the case of equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy risk
The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	31 December 2019 £ 000	31 December 2018 £ 000
Fair value of scheme assets	150,878	133,456
Present value of scheme liabilities	(175,144)	(168,901)
Defined benefit pension scheme deficit	(24,266)	(35,445)

Scheme assets

Changes in the fair value of scheme assets are as follows:

	31 December 2019 £ 000	31 December 2018 £ 000
Fair value at start of year	133,456	144,572
Interest income	3,654	3,562
Actuarial gains and losses arising from experience adjustments	14,923	(13,737)
Employer contributions	4,911	4,536
Contributions by scheme participants	143	121
Benefits paid	(6,209)	(5,023)
Administrative expenses paid	-	(575)
Fair value at end of year	150,878	133,456

Solvay Interox Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

22 Pension and other schemes (continued)

Analysis of assets

The major categories of scheme assets are as follows:

	31 December 2019 £ 000	31 December 2018 £ 000
Cash and cash equivalents	948	4,797
Equity instruments	76,085	65,466
Debt instruments	30,493	63,193
Liability Driven Investment	43,352	-
	150,878	133,456

Actual return on scheme's assets

	31 December 2019 £ 000	31 December 2018 £ 000
Actual return on scheme assets	18,577	(10,386)

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

22 Pension and other schemes (continued)

	31 December 2019 £ 000	31 December 2018 £ 000
Present value at start of year	168,901	176,062
Current service cost	1,293	1,386
Past service cost	(1,506)	1,708
Actuarial gains and losses arising from changes in demographic assumptions	(3,663)	(2,515)
Actuarial gains and losses arising from changes in financial assumptions	14,378	(7,217)
Actuarial gains and losses arising from experience adjustments	(2,731)	-
Interest cost	4,538	4,379
Benefits paid	(6,209)	(5,023)
Contributions by scheme participants	143	121
Present value at end of year	175,144	168,901

Principal actuarial assumptions

The significant actuarial assumptions used to determine the present value of the defined benefit obligation at the statement of financial position date are as follows:

	31 December 2019 %	31 December 2018 %
Discount rate	2.00	2.75
Future salary increases	3.00	3.25
Future pension increases	2.85	3.10
Inflation (RPI)	3.00	3.25
Inflation (CPI)	1.90	2.15

Post retirement mortality assumptions

	31 December 2019 Years	31 December 2018 Years
Current UK pensioners at retirement age - male	21.40	-
Current UK pensioners at retirement age – female	23.20	-
Future UK pensioners at retirement age – male	22.40	-
Future UK pensioners at retirement age – female	24.50	-

Amounts recognised in the income statement

Solvay Interox Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

22 Pension and other schemes (continued)

	31 December 2019 £ 000	31 December 2018 £ 000
Amounts recognised in operating profit		
Current service cost	1,293	1,385
Past service cost	(1,506)	1,708
Administrative expenses paid	-	575
Recognised in arriving at operating profit	(213)	3,668
Amounts recognised in finance income or costs		
Net interest	884	817
Total recognised in the income statement	671	4,485

It has been agreed that the Company will pay all administration expenses directly including death in service premiums and PPF levy, expenses have therefore been excluded from the pension disclosures and will be allowed for elsewhere in the accounts.

Amounts taken to the Statement of Comprehensive Income

	31 December 2019 £ 000	31 December 2018 £ 000
Actuarial gains and losses arising from changes in demographic assumptions	3,663	2,515
Actuarial gains and losses arising from changes in financial assumptions	(14,378)	7,217
Actuarial gains and losses arising from experience adjustments	2,731	-
Return on plan assets, excluding amounts included in interest income/(expense)	14,923	(13,737)
Amounts recognised in the Statement of Comprehensive Income	6,939	(4,005)

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	31 December 2019			31 December 2018		
Adjustment to discount rate	**+ 0.25% £ 000**	**0.0% £ 000**	**- 0.25% £ 000**	**+ 0.25% £ 000**	**0.0% £ 000**	**- 0.25% £ 000**
Present value of total obligation	167,788	175,144	182,500	165,887	168,901	180,039

22 Pension and other schemes (continued)

	31 December 2019			31 December 2018		
Adjustment to rate of inflation	**+ 0.25% £ 000**	**0.0% £ 000**	**- 0.25% £ 000**	**+ £ 000**	**0.0% £ 000**	**- £ 000**
Present value of total obligation	181,624	175,144	168,664	-	-	-

The sensitivities are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation and pension increases. The average duration of the defined benefit obligation at the period ended 31 December 2019 is 16 years,

23 Parent of group in whose consolidated financial statements the company is consolidated

The name of the parent of the group in whose consolidated financial statements the company's financial statements are consolidated is Solvay SA.

These financial statements are available upon request from Office of Solvay SA
310 Rue de Ransbeek,
1120 Brussels
Belgium.

24 Parent and ultimate parent undertaking

The company's immediate parent is Solvay UK Holding Company Limited.

The ultimate parent is Solvay SA.

The most senior parent entity producing publicly available financial statements is Solvay SA. These financial statements are available upon request from Office of Solvay SA
310 Rue de Ransbeek,
1120 Brussels
Belgium

25 Parent and ultimate parent undertaking (continued)

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Solvay SA, incorporated in Belgium.

The registered office address of Solvay SA is:
Office of Solvay SA
310 Rue de Ransbeek,
1120 Brussels
Belgium

The parent of the smallest group in which these financial statements are consolidated is Solvay SA, incorporated in Belgium.

The registered office address of Solvay SA is:
Office of Solvay SA
310 Rue de Ransbeek,
1120 Brussels
Belgium

26 Non adjusting events after the financial period

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The Company has determined that COVID-19 is not an non-adjusting event. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.