

Company Registration No. 01290882 (England and Wales)

**MACDERMID PERFORMANCE SOLUTIONS UK  
LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2021**



# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	P A Bray S G Sheffield R K Davies
<b>Company number</b>	01290882
<b>Registered office</b>	Unit 2 Genesis Business Park Albert Drive Sheerwater Woking Surrey GU21 5RW
<b>Independent auditors</b>	PricewaterhouseCoopers LLP 3 Forbury Place 23 Forbury Road Reading Berkshire RG1 3JH

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# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present the strategic report for the year ended 31 December 2021.

### Principal activities and business review

The principal activities of the company continue to be the manufacture and supply of specialty chemicals and materials for use in surface coating and printed circuit board industries and the manufacture and supply of industrial lubricants.

During the year the company acquired entire share capital of H. K. Wentworth Ltd. The UK based group is the owner of the Electrolube & AF market leading brands with technology in conformal coatings, encapsulation resins, thermal interface materials, contact lubricants and cleaning chemistry.

The company provides technology-based solutions to the surface coating industry. Our customers are mainly involved in coating applications, found in all industrial manufacturing sectors. The company also supplies innovative, environmentally-sound products to printed circuit board manufacturers involved in industries from mobile phones to the automotive industry.

MacDermid Performance Solutions UK Limited is a wholly-owned subsidiary of MacDermid Continental Investments Limited.

### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to the company's competitors and product availability.

The company provides high quality technical service support to its customers, which helps mitigate the risk of our competitors taking over business from customers.

The company invests in research and development to continually update products formulations and lower the risk of raw materials for our products becoming unavailable, due to environmental and health and safety legislation changes.

### Results and dividends

The performance of the company showed an increase in turnover of 2.7% from 2020.

The results of the company show profit before taxation of £19.3m (2020: £65m) for the year and turnover of £26.1m (2020: £25.4m). The trading results for the year and the company's financial position at the end of the year are set out on page 12 to page 13 of the financial statements.

The company recharges the cost of research and development plus a mark up to MacDermid Acumen Inc., a group undertaking which owns the intellectual property on behalf of the group. During the year, recharges amounted to £2.5m (2020: £2.4m).

### Key performance indicators

The key performance indicators monitored by management are growth in turnover, operating profit margin and profit for the financial year.

Total turnover for the year has increased by 2.7% (2020: decreased by 7.0%) with sales to UK customers increasing by 8.1% (2020: decreasing by 7.2%). Sales to other EU countries decreased by 34.8% (2020: 2.7%) whilst sales to the rest of the world have increased by 109.5% (2020: decreased by 26.7%) and an increase in sales to the Republic of South Africa of 5.1% (2020: decrease of 1.9%) (note 3). Sales increased mainly due to volume of products sold to UK customers returning to levels seen prior to the impact of COVID-19 that had a major trading impact.

The company made an operating profit of £1.8m compared to an operating profit of £2.3m in 2020, with a decreased of 21.6% (2020: increase of 6.5%). The operating profit margin was 8.4% compared to operating profit margin of 9.1% in 2020.

## **MACDERMID PERFORMANCE SOLUTIONS UK LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Future developments**

On 22 November 2021 the company entered equipment financing, lease and material sales agreement with a customer. The equipment will be operational in 2022. This arrangement has enabled the company to open additional revenue stream. The directors are confident about the success of this strategic move.

In the opinion of the directors, this strategic acquisition will allow the company to expand the solutions it is able to provide to existing customers in the electronics segment, adding value and strengthening partnerships.

The exit from the EU has had limited impact on the company during the first half of 2021. The reduction in the rate of sterling against the US Dollar and Euro has been helpful to the company as the majority of its sales are exported to these two currency zones. Around 1% of the company's sales are exports to EU countries. The company benefits from the free movement of goods into and imported from the EU as a result of negotiated agreement.

The COVID-19 is a worldwide event. It has caused widespread disruption to businesses and financial markets, in addition to the human toll on life and health. Unfortunately, this pandemic could not have been predicted or prevented.

Fortunately COVID-19 has had very limited impact on the business during 2021.

#### **Non-financial key performance indicators**

The company believes in safeguarding the health, safety and welfare of its employees. During the year the turnover of employees was low, which continued the trend of recent years. The company continues to invest in its employees, with training and career development.

The company's quality management system has been certified to ISO 9001 since 1986 and its environmental management system to ISO 14001 since 2003. The company's safety management system is based on the requirements of BS OHSAS 18001 - Occupational health and safety management systems. During 2015 the new standard ISO 45001 - Occupational health and safety management systems was published, the company's safety management system has since been modified to comply with this standard and align with new standards for ISO 9001 and ISO 14001.

#### **Section 172(1) statement**

Section 172 of the Companies Act 2006 (the "Act") requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing so, section 172(1)(a)-(f) of the Act requires directors to have regard to certain stakeholders and matters (amongst other matters).

The company engages with its stakeholders, when appropriate, and has processes in place to capture and consider stakeholders' insights and views. In performing their section 172 duties, the directors take into account this stakeholders' feedback, the section 172 matters as well as other factors they consider relevant to their board discussions and decision-making.

## MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

### STRATEGIC REPORT (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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In light of the new disclosure requirements of Section 172(1) of the Act, set out below are further details on how the directors have had regard to the matters and stakeholders set out in section 172(1) during this financial year:

(i) *Likely consequences of any decisions in the long term*

Macdermid Performance Solutions UK Ltd, being a manufacturer, invests in capital assets in order to support its long-term growth strategy and maintain a leading position in EHS compliance with the aim of minimising operational risks. The general strategy of the company, and of the group is to strategically acquire and maintain leading positions in niche sectors of high-growth markets by offering innovative products and high value-added services to its customers. This means that the directors, when making decisions, place a strong emphasis on commercial excellence and innovation in order to ultimately drive value and performance for the benefit of all stakeholders. Directors also focus on developing sustainable solutions that not only meet but exceed the increasingly stringent environmental standards of customers and regulators. Financial robustness is another important part of the company's value creation process. The company's business typically requires low capital expenditures, which translate into cash flow margins and returns on capital. Instead of large investments in physical assets to sustain business or growth, the company dedicates its investments into technological innovations or sales and services areas. As a privately-owned company held by Element Solutions Inc ("Element Solutions"), a U.S. public entity, the board considers that the interests of the company and its stakeholders were aligned in seeking sustainable value creation over the longer term through the group's operations, promoting long term strategic decision-making.

(ii) *Employees*

The company places a premium on maintaining an expert and qualified employee base in order to provide innovative products and specialized technical service to its customers. As such, the company takes active steps to offering ongoing training programs, both online and academic to enable employees to build on their skills and capabilities. Internal communications are also designed to ensure that employees are informed of performance and strategy along with regular individual performance reviews. These include regular presentations and meetings with Q&A sessions. In addition, employees may report issues through the whistleblowing hotlines operated by Element Solutions which may be discussed among the company's directors when appropriate. The integrity of this process is an important part of the governance arrangements of the company and the company group.

(iii) *Suppliers, customers and other key stakeholders*

Fostering positive and strong business relationships with key stakeholders, such as customers and suppliers, is critical to the creation of sustainable long-term value. As a result of the company group's decentralised model, engagement with customers and suppliers is a matter that is largely delegated to the management teams of each business, who know their businesses best. As such, the directors support the management teams to manage those customer and supplier relationships. In addition, as part of its innovation and product development process, the company has multiple interactions with various partners in a number of jurisdictions around the world to develop commercially viable, environmentally friendly solutions for its customers. The company is also committed to engaging with its shareholder, being Element Solutions, its ultimate parent entity. The directors meet or communicate on a regular basis with Element Solutions' senior management, so feedback can be received, and any issues or questions raised can be properly considered.

(iv) *Impact on the community and environment*

In addition to understanding and having regard to the interests of its stakeholders, the company is committed to reducing the impact of its operations on the community and the environment. Element Solutions, the company's ultimate parent entity, plays a constructive role in promoting the protection and enhancement of the environment as it encourages companies within its group to innovate and invest in new technologies to solve environmental challenges. The company's directors are aligned with this strategy and understand that it is both socially responsible and commercially compelling to develop sustainable solutions that meet or exceed the increasingly stringent environmental standards of the company's customers and regulators. As such, their decision-making is geared towards developing commercially viable, environmentally friendly solutions for the customers of the company and the company group in general.

## MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

### STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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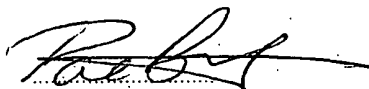
(v) *Maintaining a reputation for high standards of business conduct*

The company operates in end-markets characterised by long term relationships between stakeholders. Maintaining a strong reputation for high standards of business conduct is vital and Element Solutions, the company's ultimate parent entity, expects all entities within its group and members of the supply chain to act with integrity, acting openly, honestly and ethically. Element Solutions maintains effective oversight with respect to business conduct. Integrity is underpinned with global corporate policies in relation to bribery and corruption, data protection, equality, diversity and inclusion, modern slavery, fraud and whistleblowing, each of which is reinforced through appropriate training. In addition to the group's core values, all employees must comply with these requirements and when taken together with the group's corporate responsibility commitments, they provide the framework within which the group, including the company, operates both internally and in its markets. Suppliers and contractors are also expected to behave in a consistent, responsible manner.

(vi) *Acting fairly between members*

As a wholly owned subsidiary, the directors do not consider the factor set out in section 172(1)(f) (need to act fairly between the members of the company) relevant to the proper discharge of their duty under section 172 of the Act.

On behalf of the board



P A Bray  
Director

Date: 23/09/2022

# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### Principal activities

The principal activity of the company continued to be that of the manufacture and supply of speciality chemicals and materials for use in surface coating and printed circuit board industries and the manufacture and supply of industrial lubricants.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P A Bray

T J Clarke

S G Sheffield

R K Davies

(Resigned 29 March 2021)

(Appointed 30 March 2021)

#### Results and dividends

The results for the year are set out on page 12.

Ordinary dividends were paid amounting to £7,803,000 (2020: £25,065,000). The directors do not recommend payment of a further dividend.

#### Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the date of approval of financial statements.

#### Financial risk management

The main risks arising from the company's financial instruments are interest rate cash flow, credit risk, pricing risk and foreign currency risk.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstance.

#### Interest rate cash flow risk

The company has interest bearing assets. Interest bearing assets include only cash balances and intercompany loans. The directors will revisit the appropriateness of this policy should the company change in size and nature. The company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

#### Foreign currency risk

Despite trading with customers in different countries, the foreign currency risk to the company is very low as it invoices customers in sterling.

#### Credit risk

The company trades with only recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

#### Price risk

The company is moderately exposed to commodity price risk as a result of its operations. The company does not actively manage this exposure as the costs of doing so exceed the potential benefits.

# **MACDERMID PERFORMANCE SOLUTIONS UK LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Liquidity risk**

The company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs.

The company's funding need is primarily managed through its retained earnings.

The company has access to a shared overdraft facility which it uses very rarely to meet short-term fluctuations in cash requirements. The company's direct exposure to movements in short-term interest rates is low.

Surplus sterling cash is pooled on a daily basis with some fellow subsidiary companies of the Element Solutions Inc group within the UK.

#### **Research and development**

The company carries out research and development of products used primarily for the surface preparation, surface modification and post-treatment of metals and plastics. The products have a wide variety of uses in manufacturing sectors for the automotive and aircraft industries, domestic appliances, shop fittings, fasteners, jewellery and mobile phones.

#### **Employee involvement**

It is the policy of the company that no job application or employee, full time or part time, will receive less favourable treatment because of a disability. The company give full and fair consideration to people with disabilities during recruitment; who are judged on whether or not they have the skills or experience to do the job in question. Particular consideration is given to the training, career development and promotion of employees with disabilities (and especially of those individuals who become disabled during employment). It is the aim of the company to comply at all times with the obligations imposed on it by the relevant laws and regulations.

Management believes that employees will work more effectively if they are kept informed of the progress of their own company and of the group as a whole. For this reason, the executive directors of Element Solutions Inc regularly brief the managing directors of the various operating companies who, in turn, are responsible for communicating relevant information to their employees on a regular and systematic basis and consult them where appropriate.

Employee involvement in the group is encouraged as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in maintaining the company's performance.

#### **Strategic report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of:

- particulars of any important events affecting the company which have occurred since the end of the financial year required by paragraph 7(1)(a); and
- future development of the company.

#### **Stakeholder engagement**

The directors' engagement and interaction with employees, shareholders and wider stakeholders is specifically covered in the Strategic Report on pages 3 to 4.

#### **Statement of disclosure to auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.




**MACDERMID PERFORMANCE SOLUTIONS UK LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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On behalf of the board



P A Bray  
Director

Date: 23/09/2022

# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

## DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

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

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

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

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

### Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the 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 auditors are aware of that information.

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MACDERMID PERFORMANCE SOLUTIONS UK LIMITED**

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Macdermid Performance Solutions UK Limited's financial statements:

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

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

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### **Basis for opinion**

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

### **Independence**

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

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### **Conclusions relating to going concern**

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

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

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

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

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### **Reporting on other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MACDERMID PERFORMANCE SOLUTIONS UK LIMITED**

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

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

### ***Strategic Report and Directors' Report***

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

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

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### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the directors for the financial statements***

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

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

#### ***Auditors' responsibilities for the audit of the financial statements***

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

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

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

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

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Audit procedures performed by the engagement team included:

Discussions with management and legal, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;

Evaluation of management's controls designed to prevent and detect irregularities;

Challenging assumptions and judgements made by management in accounting estimates;

Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management;

Incorporating elements of unpredictability into the audit procedures performed.

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

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

### **Use of this report**

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

### **Other required reporting**

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#### **Companies Act 2006 exception reporting**

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

we have not obtained all the information and explanations we require for our audit; or

adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or

certain disclosures of directors' remuneration specified by law are not made; or

the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



**Katherine Stent (Senior Statutory Auditor)**  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Reading

27 September 2022

# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

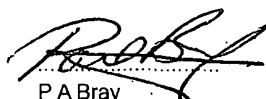
## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Turnover	3	26,134	25,440
Cost of sales		(18,163)	(18,709)
<b>Gross profit</b>		<b>7,971</b>	<b>6,731</b>
Distribution costs		(2,746)	(2,139)
Administrative expenses		(5,541)	(4,704)
Other operating income		2,524	2,418
Exceptional item	6	(399)	-
<b>Operating profit</b>	<b>7</b>	<b>1,809</b>	<b>2,306</b>
Interest receivable from group undertakings	8	205	399
Other interest receivable and similar income	8	17,340	62,334
Interest payable and similar expenses	9	(14)	(14)
<b>Profit before taxation</b>		<b>19,340</b>	<b>65,025</b>
Tax on profit	10	(425)	187
<b>Profit for the financial year</b>		<b>18,915</b>	<b>65,212</b>
Other comprehensive income net of taxation		-	-
<b>Total comprehensive income for the year</b>		<b>18,915</b>	<b>65,212</b>

**MACDERMID PERFORMANCE SOLUTIONS UK LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

	Notes	2021 £'000	2020 £'000
<b>Fixed assets:</b>			
Tangible assets	11	2,760	2,143
Investments	12	451,721	409,540
		<u>454,481</u>	<u>411,683</u>
<b>Current assets</b>			
Stocks	14	4,547	4,169
Debtors	15	152,675	182,540
Cash at bank and in hand		50	76
		<u>157,272</u>	<u>186,785</u>
<b>Creditors: amounts falling due within one year</b>	16	(6,570)	(4,301)
<b>Net current assets</b>		<u>150,702</u>	<u>182,484</u>
<b>Total assets less current liabilities</b>		<u>605,183</u>	<u>594,167</u>
<b>Creditors: amounts falling due after more than one year</b>	17	(324)	(420)
<b>Net assets</b>		<u><u>604,859</u></u>	<u><u>593,747</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	3,000	3,000
Share premium account	21	411,222	411,222
Profit and loss account	21	190,637	179,525
<b>Total equity</b>		<u><u>604,859</u></u>	<u><u>593,747</u></u>

The financial statements on pages 12 to 30 were approved by the board of directors and authorised for issue on ~~23/07/2022~~ and are signed on its behalf by:

  
P A Bray  
Director

# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2020		3,000	411,222	139,378	553,600
Year ended 31 December 2020:					
Profit and total comprehensive income for the year		-	-	65,212	65,212
Dividends	22	-	-	(25,065)	(25,065)
Balance at 31 December 2020		3,000	411,222	179,525	593,747
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	18,915	18,915
Dividends	22	-	-	(7,803)	(7,803)
Balance at 31 December 2021		3,000	411,222	190,637	604,859



# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

#### Company information

MacDermid Performance Solutions UK Limited is a private company limited by shares and is registered and incorporated in England and Wales, United Kingdom. The registered office is Unit 2 Genesis Business Park, Albert Drive, Sheerwater, Woking, Surrey, United Kingdom, GU21 5RW.

#### Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

#### Accounting convention

Accounting policies have been applied consistently. There were no new policies or amendments to any existing ones.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000, unless stated otherwise.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

The financial statements of MacDermid Performance Solutions UK Limited are consolidated in the financial statements of Element Solutions Inc which are available from Suite 1860, 500 East Broward Boulevard, Fort Lauderdale, Florida, 33394, USA and are also available from [www.elementsolutionsinc.com](http://www.elementsolutionsinc.com).

#### Going concern

The directors have considered the basis of preparation of the financial statements, the impact and risk on the company of COVID-19 and the company's prospects, and, based on the assessment of budgets and cash flow forecasts, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the board continues to adopt the going concern basis of accounting in preparing the financial statements.

# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies (Continued)

#### Turnover

The company recognises turnover, including freight charged to customers, when products are shipped and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable. The company's shipping terms are customarily "Ex-Works" and do not include the right of inspection or acceptance provision.

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

#### Research and development expenditure

Expenditure on research and development is written off against profits in the year in which it is incurred except for expenditure on tangible fixed assets. Capital expenditure on tangible fixed assets used for research and development is depreciated in line with the tangible fixed assets accounting policy.

The company recharges the cost of research and development plus a mark up to MacDermid Acumen Inc., a group undertaking which owns the intellectual property on behalf of the group.

#### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Cost included the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	15 years straight line
Plant and equipment	5 to 14 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for any indication of impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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 in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell 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.

# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies (Continued)

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset 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.

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. In determining the cost, a weighted average cost basis is used.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand.

#### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings, and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies (Continued)

#### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### *Classification of financial liabilities*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### *Basic financial liabilities*

Basic financial liabilities, including trade and other creditors, an amounts owed to group undertakings are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

#### *Equity instruments*

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### *Taxation*

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1. Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

#### Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

#### Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

The company received a discretionary cash grant of £11,000 in the prior year from the government as part of the Coronavirus Job Retention Scheme (CJRS) which compensates employers for part of the wages, associated national insurance contributions (NICs) and employer pension contributions of employees who have been placed on furlough (i.e. placed on a temporary leave of absence from working for the employer). This is included in other income. The grant is conditional upon the employees being employed and on the company PAYE payroll and the employee cannot do any work for their employer that makes money or provides services for their employer or any organisation linked or associated with their employer. There are no unfulfilled conditions or contingencies attached to the grant and the company has received no other forms of government assistance.

# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies (Continued)

#### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### **Useful economic lives of tangible assets**

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of assets. See note 11 for the carrying amount of the leasehold, property plant and equipment and note 1 (Tangible fixed assets accounting policy) for the useful economic lives for each asset class.

#### **Inventory provisioning**

The company manufactures and sells specialty chemicals and is subject to changing customer demands. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 14 for the net carrying amount of the inventory and associated provision.

#### **Impairment of debtors**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 15 for the carrying amount of the debtors and associated impairment provision.

## MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 2 Judgements and key sources of estimation uncertainty (Continued)

##### *Impairment of investments*

The company makes use of estimates in determining the recoverable value of fixed asset investments.

The directors use their judgement to determine the extent to which fixed asset investments have a value that will benefit the performance of the company over future periods. To assist in making this judgement, the directors undertake an assessment of the carrying value of the company's investments in subsidiaries. In performing this assessment undertaken as at 31 December 2021 value in use was derived from the rolled up valuations of each entity in the group based on the multiple earnings approach from the lowest level of the group structure. Changes to the assumptions used in this assessment could significantly alter the directors' assessment of the carrying value of its investments.

#### 3 Turnover

	2021 £'000	2020 £'000
Turnover analysed by geographical market		
United Kingdom	20,716	19,166
Europe	3,286	5,039
Republic of South Africa	459	437
Rest of the world	1,673	798
	<u>26,134</u>	<u>25,440</u>

All turnover was derived from the company's principal activity, the manufacture and sale of specialised chemicals and industrial lubricants.

#### 4 Employees

The average monthly number of persons employed and remunerated by the company (including directors) during the year was:

	2021 Number	2020 Number
Production	20	21
Sales and marketing	32	31
Warehousing	9	8
Administration	30	31
Total	<u>91</u>	<u>91</u>

# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 4 Employees (Continued)

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	4,662	3,855
Social security costs	551	437
Other pension costs	328	297
	<u>5,541</u>	<u>4,589</u>

### 5 Directors' remuneration

	2021 £'000	2020 £'000
Remuneration for qualifying services	333	373
Company pension contributions to defined contribution schemes	25	29
	<u>358</u>	<u>402</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020: 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £'000	2020 £'000
Remuneration for qualifying services	149	146
Company pension contributions to defined contribution schemes	10	13
	<u>159</u>	<u>159</u>

### 6 Exceptional item

	2021 £'000	2020 £'000
<b>Expenditure</b>		
HK Wentworth Acquisition related costs	399	-
	<u>399</u>	<u>-</u>

Exceptional costs relate to the HK Wentworth Acquisition.



# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

<b>7</b>	<b>Operating profit</b>	<b>2021</b>	<b>2020</b>
		<b>£'000</b>	<b>£'000</b>
	Operating profit for the year is stated after charging/(crediting):		
	Exchange losses	30	44
	Research and development costs	2,398	2,341
	Research and development cost recharged to other group undertakings	(2,524)	(2,407)
	Fees payable to the company's auditors for the audit of the company's financial statements	96	144
	Depreciation of owned tangible fixed assets	450	472
	Impairment of stocks recognised	103	117
	Operating lease charges	351	370
		<u>          </u>	<u>          </u>
	Depreciation charges are included within administration expenses on the Statement of Comprehensive Income.		
<b>8</b>	<b>Interest receivable and similar income</b>	<b>2021</b>	<b>2020</b>
		<b>£'000</b>	<b>£'000</b>
	Interest income		
	Interest receivable from group undertakings	205	399
	Other income from investments		
	Dividends received	17,340	62,334
	Total income	<u>17,545</u>	<u>62,733</u>
<b>9</b>	<b>Interest payable and similar expenses</b>	<b>2021</b>	<b>2020</b>
		<b>£'000</b>	<b>£'000</b>
	Interest on bank overdrafts and loans	14	14
		<u>          </u>	<u>          </u>

# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Tax on profit	2021 £'000	2020 £'000
Current tax		
Adjustments in respect of prior periods	90	(273)
Deferred tax		
Origination and reversal of timing differences	529	173
Changes in tax rates	(211)	-
Changes in tax status	-	(89)
Adjustments in respect of prior periods	17	-
Other adjustments	-	2
Total deferred tax	335	86
Total tax charge/(credit)	425	(187)

The total tax charge/(credit) for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2021 £'000	2020 £'000
Profit before taxation	19,340	65,025
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	3,675	12,355
Tax effect of income not taxable in determining taxable profit	(3,295)	(11,844)
Effect of change in corporation tax rate	125	(89)
Group relief	(156)	(385)
Expenses not deductible for tax purposes	(31)	48
Adjustments in respect of prior periods	107	(272)
Taxation charge/(credit) for the year	425	(187)

The Finance Act 2016 was enacted so as to reduce the corporation tax rate from 19% to 17% with effect from 1 April 2020. In March 2021 the Chancellor announced that the corporation tax rate would increase to 25% in the year 2023, and this was substantively enacted before the reporting date therefore has been used in the measurement of deferred tax.

# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 11 Tangible assets

	Leasehold improvements £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>			
At 1 January 2021	3,775	5,157	8,932
Additions	674	393	1,067
At 31 December 2021	4,449	5,550	9,999
<b>Accumulated depreciation and impairment</b>			
At 1 January 2021	2,937	3,852	6,789
Depreciation charged in the year	270	180	450
At 31 December 2021	3,207	4,032	7,239
<b>Carrying amount</b>			
At 31 December 2021	1,242	1,518	2,760
At 31 December 2020	838	1,305	2,143

### 12 Investments

	Notes	2021 £'000	2020 £'000
Investments in subsidiaries	13	451,721	409,540

#### Movements in fixed asset investments

	Shares in group undertakings £'000
<b>Cost or valuation</b>	
At 1 January 2021	409,540
Additions	42,181
At 31 December 2021	451,721
<b>Carrying amount</b>	
At 31 December 2021	451,721
At 31 December 2020	409,540

On 5 May 2021, the company acquired the entire share capital, consisting of 35,337 shares of H. K. Wentworth Ltd for total consideration of £42,181,000. The UK based group is the owner of the Electrolube & AF market leading brands with technology in conformal coatings, encapsulation resins, thermal interface materials, contact lubricants and cleaning chemistry.

# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 13 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
MacDermid Holdings B.V.	a)	Ordinary	100.00	-
MacDermid Hong Kong Ltd	b)	Ordinary	-	100.00
MacDermid Panyu Specialty Co. Ltd	c)	Ordinary	-	100.00
MacDermid Technology (Suzhou) Co. Ltd	d)	Ordinary	-	100.00
MacDermid Enthone Technology (Suzhou) Co. Ltd.	d)	Ordinary	-	100.00
Alpha Metals Ltd	e)	Ordinary	-	100.00
MacDermid Performance Solutions Hong Kong Ltd.	f)	Ordinary	-	100.00
Enthone OMI (Hong Kong) Co. Ltd.	f)	Ordinary	-	100.00
Shenzhen Hua-Mei Electroplating Technology Co. Ltd.	g)	Ordinary	-	100.00
Alent Enthone Chemistry (Shanghai) Co. Ltd.	h)	Ordinary	-	100.00
MacDermid Enthone Technology Trading Shanghai Co. Ltd	h)	Ordinary	-	100.00
Alpha Metals China Holdings Co. Ltd.	e)	Ordinary	-	100.00
Alpha Assembly Solutions (Shenzhen) Co. Ltd	i)	Ordinary	-	100.00
Alpha Assembly Solutions (Shanghai) Trading Co. Ltd	j)	Ordinary	-	100.00
Alent Alpha Metals (Shanghai) Co. Ltd.	k)	Ordinary	-	100.00
H K Wentworth Limited	l)	Ordinary	100.00	-
H K Wentworth Pty Limited	m)	Ordinary	-	100.00
H K Wentworth (NZ) Limited	n)	Ordinary	-	100.00
H K Wentworth America Inc	o)	Ordinary	-	100.00
H K Wentworth PVT Limited	p)	Ordinary	-	100.00
Electrolube Suzhou Limited	q)	Ordinary	-	100.00
Zhejiang Technology Co Limited	q)	Ordinary	-	100.00
HKW (Suzhou) New Material Co. Ltd.	r)	Ordinary	-	100.00
H.K. Wentworth EBT Trustee Limited U.K.	s)	Ordinary	-	100.00

#### Registered Office address:

- a) Bredasweg 184, 4872 LA Etten-Leur, Netherlands
- b) 9th Floor Block B, Tai Ping Industrial Park, Tai Po New Territories Hong Kong.
- c) Wangqingsha Tower, Panyu City, Guangdong P.R.E, 511462, China.
- d) No. 23, Long Tan Road, Suzhou Industrial Park Phase 3, Suzhou, Jiangsu 215126, China.
- e) Suite 1106, 8, 11/F., Tai Yau Building, No 181 Johnston Road, Wanchai, Hong Kong.
- f) 8th Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong.
- g) 4th Floor, No. 9 Factory Building, Tong Fu Yu Industrial City, Tanglang, Xili Town, Nanshan District, Shenzhen, China.
- h) No. 29 North Chuhua Road, Fengxian District, Shanghai, China.
- i) Tang Xia Chong Community, Songgang Sub-district, Bao An District, Shenzhen, China.
- j) Section A, 2nd Floor, Building 5, No 1151 Lianxi Road, Pudong New Area, Shanghai, China.
- k) Room 131, No. 38 Yinglun Road, China (Shanghai), Pilot Free Trade Zone
- l) Unit 2, Genesis Business Park, Albert Drive, Woking, Surrey, GU21 5RW
- m) Unit 3/98 Old Pittwater, Road, Brookvale NSW, 2100, Australia
- n) Geoff Bowker Ca, Level 3, 142 Broadway, Newmarket, Auckland, 1023, New Zealand
- o) PO Box 361301, Columbus, Ohio, 43236 USA
- p) Office 1626, Level 16, Tower B, World Trade Tower, Sector - 16, Noida, Uttar Pradesh, India
- q) No.5 Xing Han Street, Suzhou, Jiangsu Province, 215021, China
- r) No.5 - No.8, 1F, Building A, No. 5 Xinghan Road, Suzhou Industrial Park, Suzhou, Jiangsu, China
- s) Ashby Park, Coalfield Way, Ashby De La Zouch, Leicestershire, United Kingdom, LE65 1JR

# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 Stocks

	2021 £'000	2020 £'000
Raw materials and consumables	2,094	1,866
Finished goods and goods for resale	2,453	2,303
	<u>4,547</u>	<u>4,169</u>

Inventories are stated after provisions for impairment of £295,000 (2020: £420,000).

There is no significant difference between the replacement cost of finished goods in comparison to their carrying amounts.

### 15 Debtors

	2021 £'000	2020 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	4,369	3,977
Amounts owed by group undertakings	147,666	177,638
Prepayments and accrued income	307	257
	<u>152,342</u>	<u>181,872</u>
Deferred tax asset (note 18)	333	668
	<u>152,675</u>	<u>182,540</u>

Trade debtors are stated after provisions for bad debts of £38,000 (2020: £31,000).

Included within amounts owed by group undertakings are cash pooling balances of £145,714,000 (2020: £176,250,000) due from a fellow group entity. Interest is received at 1% USD SONIA plus 350 basis points for US Dollar balances, and 250 basis points plus 3 month EUR SONIA with a 1% floor for Euro balances.

All other amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 16 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	2,249	1,852
Amounts owed to group undertakings	2,574	530
Accruals and deferred income	1,747	1,919
	<u>6,570</u>	<u>4,301</u>

Included within amounts owed to group undertakings are cash pooling balances of £149,000 (2020: £13,000) due to a fellow group entity. Interest is paid at 25 basis points for US dollar balances and 15 basis points for Euro balances.

All other amounts owed to group undertakings are repayable on demand, and are unsecured.

### 17 Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Accruals and deferred income	<u>324</u>	<u>420</u>

Creditors falling due after more than one year relate to lease incentives.

### 18 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Assets 2021 £'000	Assets 2020 £'000
<b>Balances:</b>		
Accelerated capital allowances	(308)	(32)
Other timing differences	<u>641</u>	<u>700</u>
	<u>333</u>	<u>668</u>
<b>Movements in the year:</b>		2021 £'000
Asset at 1 January 2021		668
Charge to profit or loss		<u>(335)</u>
Asset at 31 December 2021		<u>333</u>

# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 18 Deferred taxation (Continued)

In the above deferred tax asset, £205,000 is expected to reverse within one year.

The only reversal calculated in the next period is in relation to the utilisation of historic tax losses which can be utilised against profits arising from the Enthone trade transferred into MPS UK. A calculation is done each year of the relevant profits for the tax return. For provision purposes the amount reversing is estimated based on prior year history, using an average of recent claims.

In respect of the losses, the Enthone tax losses total gross carry forward amount is £2.6m. These are being steadily used each year and recognised for deferred tax purposes.

### 19 Post-employment benefits

	2021 £'000	2020 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	328	297

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 20 Called up share capital

	2021 £'000	2020 £'000
Ordinary share capital Issued and fully paid 3,000,002 (2020: 3,000,002) shares of £1 each	3,000	3,000

The company's Ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

There are no restrictions on the distribution of dividends and the repayment of capital.

### 21 Reserves

#### Share premium account

The share premium account represents consideration received for shares issued above their nominal value net of transaction costs.

#### Profit and loss account

The profit and loss account represent cumulative profit and loss net of distribution to owners.

# MACDERMID PERFORMANCE SOLUTIONS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 22 Dividends

	2021 £'000	2020 £'000
Final dividend paid @ £2.601 (2020: £8.355) per share	7,803	25,065

### 23 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £'000	2020 £'000
Within one year	504	693
Between one and five years	1,727	2,244
In over five years	3,239	3,575
	5,470	6,512

### 24 Related party transactions

The company has taken advantage of the exemption under FRS 102 section 33.1A not to disclose details of intra-group transactions where those transactions take place between companies which are wholly owned under a common parent entity. There are no other related party transactions requiring disclosure.

### 25 Ultimate controlling party

The immediate parent company is MacDermid Continental Investments Limited, a company registered in England & Wales. MacDermid Continental Investments Limited has its registered office at: Unit 2 Genesis Business Park, Albert Drive, Woking, Surrey, GU21 5RW.

The ultimate controlling entity is Element Solutions Inc, a company incorporated in the United States of America. Element Solutions Inc has its registered office at: Suite 1860, 500 East Broward Boulevard, Fort Lauderdale, Florida, 33394, USA.

The largest and smallest group in which the results of the company are consolidated is headed by Element Solutions Inc, a company incorporated in the United States of America. The consolidated financial statements of the group are available to the public and may be obtained from the following address: Suite 1860, 500 East Broward Boulevard, Fort Lauderdale, Florida, 33394, USA and are also available from [www.elementsolutionsinc.com](http://www.elementsolutionsinc.com).