

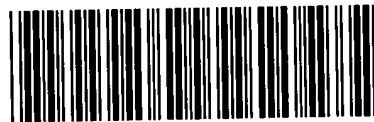
Company Registration Number 03514787

Tessengerlo Holding UK Limited

Annual report and financial statements

For the year ended 31 December 2021

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TESSENDERLO HOLDING UK LIMITED

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TESSENDERLO HOLDING UK LIMITED

STRATEGIC REPORT

For the year ended 31 December 2021

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

Principal activities and business review

The Company acts as an intermediate holding Company within the Tessenderlo Group. The results of the Company for the year ended 31 December 2021 are shown in the Statement of Comprehensive Income on page 9 and show a loss for the financial year of £10,757,341 (2020 loss: £59,797,793).

The financial position of the Company as at 31 December 2021 is shown on the Statement of Financial Position on page 10. The result in 2020 and 2021 is impacted by the valuation of the investments and loans granted to these investments, of which £60,245,936, owed by PB Gelatin UK Limited was waived in 2021. The company also initiated the liquidation of the intermediary holding companies DYKA UK and John Davidson (Holdings) Ltd.

Strategy and future developments

The Company is a non-trading intermediate holding Company. As such the directors do not expect any significant changes in the financial position of the Company for the foreseeable future.

Key performance indicators (KPI's)

Given the straightforward nature of the business the Company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The management of the business and execution of the Tessenderlo Group NV's strategy, of which this Company forms a part, are subject to a number of risks. Key business risks impacting the company's subsidiary investments principally relate to market competition, both from a national and international perspective and the retention of suitably qualified employees. Business risks are reviewed regularly by the directors of the Tessenderlo Group NV and appropriate processes are put in place to monitor and mitigate their impact.

The Company operates a defined benefit plan for certain group employees, which is now closed. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. These plans are covered by a trustee administered pension fund. The board of trustees must consist of representatives of the company and plan participants in accordance with the plan regulations. The governance responsibility for these plans rests with the board of trustees. Through its defined benefit pension plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

- **Asset volatility:** On a regular basis asset-liability studies are performed for the trustee administered pension funds to ensure an accurate match between plan assets and liabilities. The plans hold significant investments in investment funds, which include quoted equity shares, and are thus exposed to equity market risks.
- **Inflation, interest rate and life expectancy:** The pensions in most of the plans are linked to inflation, therefore the pension plans are exposed to risks linked to inflation, interest rate and life expectancy of pensioners.

On Behalf of the board



D Rickards

Director

October 31st, 2022

Unit A6, Severn Road
Treforest Industrial Estate
Pontypridd
CF37 5SQ

TESSENDERLO HOLDING UK LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2021

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

Results and dividends

The loss for the financial year of £10,757,341 (2020 loss: 59,797,793) has been transferred to reserves. The directors have not recommended the payment of a dividend during or in respect of the financial year (2020: £nil).

Going concern

The directors wish to draw attention to note 3 of these financial statements regarding the basis of preparation.

Future developments

The strategy and future developments in the business are set out in the Strategic Report on page 1.

Update COVID-19

Tessengerlo Holding UK Limited, as an intermediate holding company within the Tessenderlo Group, is taking all the necessary steps to ensure that it keeps its people safe and keep its plants and businesses running. All of the plants and activities are now running in line with expectations and the impact of the COVID-19 pandemic on the financial statements of Tessenderlo holding UK in 2020 and 2021 was not significant. Activities of the investments of Tessenderlo holding UK could be further impacted in 2022 if too many employees are affected by COVID-19 and/or if access to raw materials and auxiliary materials or means of transportation becomes more complicated, or if customers are no longer able to process or resell its products.

The financial position and results as of and for the year ended 31 December 2021 have not been adjusted to reflect any material non-adjusting events that require disclosure.

Directors

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

S Haspeslagh
D Rickards

Donations

The company made no charitable donations during the year (2020: £ nil). The company made no political donations during the year (2020: £ nil).

Financial risk management policies

The directors have reviewed the financial risk management objectives and policies of the Company. The Company does not as a regular policy enter into hedging instruments, as there is not believed to be any material exposure. It also does not enter into any speculative financial instruments. The directors do not consider there to be any material financial risks with liquidity risk and interest rate risk associated with intercompany debtors and creditors managed at a Tessenderlo group level.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that

- As far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

TESSENDERLO HOLDING UK LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2021

- Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

Pursuant to Section 487 of the Companies act 2006, the auditor will be deemed to be reappointed and Nortons Assurance Limited will therefore continue in office.

On behalf of the board



D Rickards
Director
October 31st, 2022

Unit A6, Severn Road
Treforest Industrial Estate
Pontypridd
CF37 5SQ

Statement of Directors' Responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



D Rickards
Director
October 31st, 2022

Unit A6, Severn Road
Treforest Industrial Estate
Pontypridd
CF37 5SQ

TESSENDERLO HOLDING UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TESSENDERLO HOLDING UK LIMITED

Opinion

We have audited the financial statements of Tessenderlo Holding UK Limited (the 'Company') for the year ended 31 December 2021, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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

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.

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.

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

TESSENDERLO HOLDING UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TESSENDERLO HOLDING UK LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

Opinion on other matters 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

TESSENDERLO HOLDING UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TESSENDERLO HOLDING UK LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page [4], 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.

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:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework including the Companies Act 2006 and the relevant tax compliance regulations in the UK.
- We understood how the Company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was a susceptibility to fraud. We considered the controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud and error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraphs above. Our procedures involved journal entry testing, with a focus on journals indicating large or unusual transactions based on our understanding of the business, enquiries of Company management and focused testing. In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards and UK legislation.

TESSENDERLO HOLDING UK LIMITED

Auditors' responsibilities for the audit of the financial statements (Continued)

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 Auditors' Report.

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 Auditors' 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.



Anthony Campbell (Senior Statutory Auditor)

for and on behalf of
Nortons Assurance Limited

Chartered Accountants and Statutory Auditor

Highlands House
Basingstoke Road
Spencers Wood
Reading
Berkshire
RG7 1NT

Date: 31 October 2022

TESSENDERLO HOLDING UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover		-	-
Administrative expenses	7	(258,339)	(212,800)
Operating loss		(258,339)	(212,800)
Interest receivable and similar income	6a	1,129,746	2,327,840
Interest payable and similar expense	6b	(204,685)	(3,371,810)
Net interest expense	6	925,061	(1,043,970)
Amounts written off Debtors	10	(11,548,319)	(59,427,705)
Loss before taxation		(10,881,597)	(60,684,475)
Tax on loss	8	124,256	886,682
Loss for the financial year		(10,757,341)	(59,797,793)
Other comprehensive income :			
Actuarial gain (loss) relating to pension scheme	12	3,186,117	2,668,992
Deferred taxes on other comprehensive income		-	(507,108)
Other comprehensive income for the year, net of tax		3,186,117	2,161,884
Total comprehensive income for the year		(7,571,224)	(57,635,909)

All activities derive from continuing operations in the current and prior year.

The accompanying notes are an integral part of these financial statements.

TESSENDERLO HOLDING UK LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

Company number: 03514787

	Note	2021	2020
		£	£
Fixed assets			
Investments	8	22,872,228	22,850,000
Current assets			
Pension asset	12	7,649,259	4,558,402
Debtors	10	1,975,138	3,828,661
Cash at bank and in hand		4,181,905	2,143,897
		<u>13,806,302</u>	<u>10,530,960</u>
Creditors: amounts falling due within one year	11	(21,344,405)	(10,475,610)
Net current assets		<u>(7,538,103)</u>	<u>55,350</u>
Total assets less current liabilities		15,334,125	22,905,350
Net assets		<u>15,334,125</u>	<u>22,905,350</u>
Capital and reserves			
Called up share capital	13	41,596,035	41,596,035
Retained earnings		<u>(26,261,910)</u>	<u>(18,690,685)</u>
Total shareholders' funds		<u>15,334,125</u>	<u>22,905,350</u>

The financial statements on pages 9 to 28 of Tessengerlo Holding UK Limited, registered number 03514787, were approved by the Board of Directors and authorised for issue on October 31st, 2022.

Signed on behalf of the Board of Directors



D Rickards

Director

TESSENDERLO HOLDING UK LIMITED

Statement of Changes in Equity

For the year ended 31 December 2021

	<i>Note</i>	Called-up share capital £	Retained earnings £	Total shareholder s fund £
Balance as at 1 January 2020		1,000,035	13,451,320	14,451,355
Loss for the financial year		-	(59,797,793)	(59,797,793)
Actuarial gain relating to pension scheme		-	2,668,992	2,668,992
Deferred taxes on other comprehensive income		-	(507,108)	(507,108)
Total comprehensive income for the year		-	(57,635,909)	(57,635,909)
Transactions with owners of the company				
Remeasurement of debt following conversion into capital	14	-	25,493,904	25,493,904
Issue of shares 10 December 2020	14	40,596,000	-	40,596,000
		40,596,000	25,493,904	66,089,904
Balance as at 31 December 2020		41,596,035	(18,690,685)	22,905,350
Balance as at 1 January 2021		41,596,035	(18,690,685)	22,905,350
Loss for the financial year		-	(10,757,341)	(10,757,341)
Actuarial gain relating to pension scheme		-	3,186,117	3,186,117
Total comprehensive income for the year		-	(7,571,224)	(7,571,224)
Balance as at 31 December 2021		41,596,035	(26,291,909)	15,334,125

TESSENDERLO HOLDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

1. GENERAL INFORMATION

Tessengerlo Holding UK Limited ("the Company") is a private Company limited by shares and it is incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business is Unit A6 Severn Road, Treforest Industrial Estate, Pontypridd, Mid Glamorgan, Wales CF37 5SQ. The registered number of the Company is 03514787.

The principal activity of the Company is that of a holding Company, with investments held in Tessengerlo Group NV UK group companies.

2. STATEMENT OF COMPLIANCE

The financial statements of the Company 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 Companies Act 2006.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle 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.

(a) Basis of Preparation

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the companies accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

(b) Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position and the Company's objectives, policies and processes for managing financial risks, are set out in the strategic report and directors' report. The financial position of the Company, its liquidity position and borrowing facilities are shown in the financial statements on pages 9 to 28.

The Company's activity is the holding of investments and as a non-trading entity its transactions relate solely to interest receivable and payable on existing intragroup balances and administrative costs associated with the defined benefit pension scheme. Therefore, the company has not been directly impacted as a result of COVID-19.

The directors have considered a period of at least twelve months from the date of approval of these financial statements and are satisfied that, taking account of reasonably possible downside scenarios and the anticipated limited impact of COVID-19 on its financial resources, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

TESSENDERLO HOLDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Going Concern (*continued*)

This is on the basis that the directors have considered the Company's financial position, forecast cash flows and the availability of financial support from its parent Company, Tessenderlo Group NV. The directors rely on the continuing support of Tessenderlo Group NV to enable the Company to meet its obligations as they fall due. Tessenderlo Group NV has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for a period of at least twelve months from the date the financial statements of Tessenderlo Holding UK Limited are signed. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore consider that it is appropriate to prepare the financial statements on a going concern basis.

(c) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Company is a qualifying entity as its results are consolidated into the financial statements of Tessenderlo Group NV which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

(d) Consolidated financial statements

The financial statements contain information about Tessenderlo Holding UK Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption from preparing consolidated financial statements available under section 401 of the Companies Act 2006, on the grounds that it is a wholly owned subsidiary of Tessenderlo Group NV which prepares publicly available consolidated financial statements that incorporate the results of the Company.

TESSENDERLO HOLDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currency

(i) Functional and presentation currency

The Company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(f) Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangements and pension benefits.

(i) Defined Benefits pension plan

The Company operates a defined benefit plan for certain group employees, which is now closed. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

For the defined benefit scheme, the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of comprehensive income if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount in other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each reporting date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the statement of financial position.

TESSENDERLO HOLDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revenue

The Company is a holding company and therefore there are no anticipated revenue streams. The financial assets of the Company results in the recognition of a interest income, while the investments of the Company may results in a dividend income.

(i) Interest income

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable.

(ii) Dividend income

Dividend income is recognized when the right to receive payment is established.

(h) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised directly in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

(i) Investments

Investments in subsidiary companies is held at historical cost less accumulated impairment losses.

TESSENDERLO HOLDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of non-current financial assets

At each reporting date non-current financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

(l) Financial instruments

The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including debtors, cash and bank balances, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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.

TESSENDERLO HOLDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial instruments *(continued)*

(i) Financial assets (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial Liabilities

Basic financial liabilities, including amounts due to group companies and loans from fellow group companies are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. The costs are deducted from the liability recognised and will therefore be included in the calculation of amortised cost using the effective interest rate method. They will consequently be recognised in the Statement of Comprehensive Income over the life of the debt instrument.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and 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.

(m) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(n) Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same group. The Company has taken advantage of the exemption granted under paragraph 33.1A of FRS102 on the grounds that it is a wholly owned subsidiary of a group headed by Tessengerlo Group NV.

TESSENDERLO HOLDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumption that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain group employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Actuaries on behalf of management estimate these factors in determining the net pension asset in the balance sheet. The assumptions reflect historical experience and current trends. See note 12 for the disclosures relating to the defined benefit pension scheme.

(ii) Impairment of intercompany debtors

The Company makes an estimate of the recoverable value of inter-Company debtors. When assessing impairment of intercompany debtors, management considered factors including the financial position, profitability and cash generating position of the intercompany counterparty along with the age profile of the debt and historical cash collection experience. See note 10 for the net carrying amount of the debtors and any associated impairment provision.

5. EMPLOYEES AND DIRECTORS

Employees

The Company had no employees during the period. Professional services are provided by employees of other subsidiaries of Tessenderlo Group NV.

Directors

There were no transactions with any of the company director's, in the current or prior periods. The directors remuneration is included in the administrative expenses of the Company.

TESSENDERLO HOLDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

6. NET INTEREST EXPENSE

(a) Interest receivable and similar income

	2021	2020
	£	£
Dividends received from investments	147,724	-
Interest on loans to group undertakings	806,253	1,993,128
Foreign exchange gains	115,278	295,325
Net interest income on defined benefit pensions	60,491	39,387
	<hr/>	<hr/>
Total interest income on financial assets not measured at fair value through profit and loss	1,129,746	2,327,840
	<hr/>	<hr/>
Total interest receivable and similar income	1,129,746	2,327,840
	<hr/>	<hr/>

(b) Interest payable and similar expenses

	2021	2020
	£	£
Interest payable on overdrafts and bank loans	(3,217)	(2,738)
Interest payable on short term loans from group undertakings	(92,872)	(2,018,383)
Interest payable on long term loans from group undertakings	-	(1,021,828)
Foreign exchange losses	(108,596)	(328,861)
	<hr/>	<hr/>
Total interest expense on financial liabilities not measured at fair value through profit and loss	(204,685)	(3,371,810)
	<hr/>	<hr/>
Net interest expense	(925,061)	(1,043,970)
	<hr/>	<hr/>

TESSENDERLO HOLDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

7. ADMINISTRATIVE EXPENSES

	2021	2020
	£	£
Other administrative charges	102,588	71,045
Pension NPPC administration fee	155,751	141,755
	<u>258,339</u>	<u>212,800</u>

Audit fees amounting to £6,000 (2020: £3,750) payable to the Company's auditor are included in the other administrative charges. The remuneration of the Company's auditor for the provision of non-audit assurance related services to the Company was nil (2020: £5,000).

8. TAX ON LOSS

(a) Tax credit included in profit or loss

	2021	2020
	£	£
Current tax:		
UK Corporation tax	(32,691)	(293,478)
Adjustments in respect of prior years	(91,565)	(86,096)
Total current tax	<u>(124,256)</u>	<u>(379,574)</u>
Deferred tax:		
Origination and reversal of timing differences	-	(507,108)
Total deferred tax	<u>-</u>	<u>(507,108)</u>
Total tax recognised in profit or loss	<u>(124,256)</u>	<u>(886,682)</u>

(b) Tax expense included in other comprehensive income

	2021	2020
	£	£
Deferred tax	-	507,108
Total tax expense included in other comprehensive income	<u>-</u>	<u>507,108</u>

TESSENDERLO HOLDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

8. TAX ON LOSS (CONTINUED)

(c) Reconciliation of effective tax rate

	2021 £	2020 £
Loss before taxation	(10,881,597)	(60,684,475)
Loss multiplied by the standard rate of tax in the UK of 19% (2020: 19%)	(2,067,503)	(11,530,050)
Effects of:		
Income not subject to tax	(104,450)	(378,694)
Write-off on debtors not deductible	2,194,180	11,291,263
Disallowed expenses	18,099	257,992
Group relief	(32,691)	(293,478)
Losses for which no deferred taxes have been recognized	(40,327)	359,489
Adjustments in respect of prior years	(91,565)	(86,096)
Reversal of deferred taxes recognized through OCI	-	(507,108)
Total tax (credit) for the year	<u>(124,256)</u>	<u>(886,682)</u>

(d) Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

TESSENDERLO HOLDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

9. INVESTMENTS

	2021 £	2020 £
As at 1 January	26,582,176	26,582,176
Impairment provision brought forward	(3,732,176)	(3,732,176)
Purchase of shares	22,228	-
At 31 December	22,872,228	22,850,000

	2021 £	2020 £
Analysed as:		
PB Gelatins UK Limited	3,732,176	3,732,176
PB Gelatins UK Limited (impairment)	(3,732,176)	(3,732,176)
John Davidson (Pipes) Limited	22,872,228	-
DYKA UK Limited	-	22,850,000
	22,872,228	22,850,000

Fixed asset investments comprise equity shares in the trading entities PB Gelatins UK Limited and John Davidson Pipes Limited. The Company's direct and indirect subsidiary undertakings, all of which are wholly owned through 100% holdings of their respective issued ordinary share capital, are as follows:

Subsidiary undertakings	Registered office	Principal activity	Class and percentage of shares held
PB Gelatins UK Limited	Unit A6 Severn Road, Pontypridd, Rhondda Cynon Taff, CF37 5SQ	Manufacture and sale of photographic, pharmaceutical and edible gelatin.	100% ordinary
Dyka UK Ltd	Townfoot Industrial Estate, Carlisle, Cumbria, CA6 5LY	Intermediary holding company	100% ordinary
John Davidson (Holdings) Limited*	Registered Office Kintore Inverurie Aberdeenshire AB51 0YQ	Intermediary holding company	100% ordinary
John Davidson (Pipes) Limited	Registered Office Kintore Inverurie Aberdeenshire AB51 0YQ	Producer and supplier of plastic pipe systems	100% ordinary

*Indirectly held

TESSENDERLO HOLDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

9. INVESTMENTS (CONTINUED)

Following a review of the group structure, the company initiated the liquidation of the intermediary holding companies Dyka UK and John Davidson Holdings UK. As a result the following transactions took place:

- A partial write-off of the outstanding intercompany loan owed by DYKA UK for £1,957,060 to £22,228 was approved on April 12, 2021.
- A reduction of the capital of DYKA UK by £617,715 to £1 was approved on April 13, 2021.
- The sale of the shares of John Davidson Pipes Ltd held by John Davidson Holdings Ltd was approved on April 14, 2021.
- A reduction of the capital and reserves of John Davidson Holdings Ltd by £77,726 to £1 was approved on April 15, 2021.

As a result of these transactions, the net assets and total shareholders funds of the intermediary holding companies Dyka UK and John Davidson Holdings UK amounts to £1. The company intends to liquidate these companies in 2022. Also the company is now having a directly held participation of 100% in John Davidson (Pipes) Ltd.

TESSENDERLO HOLDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

10. DEBTORS

	2021	2020
	£	£
Amounts owed by group undertakings	1,975,138	3,828,661
	<u>1,975,138</u>	<u>3,828,661</u>

Amounts owed by group undertakings have no fixed date of repayment and are repayable on demand. Interest accrues daily at a rate of LIBOR + a margin, representing the cost of funding.

As per 1 March 2021, the company has decided to waive amounts owed by PB Gelatin UK Limited for a total amount of £60,245,936. An impairment loss of £59,427,705 was already recognized as per December 31, 2020, while an additional loss of £818,231 was recognized in 2021. As per December 31, 2021 the amounts owed by PG Gelatin UK Limited amounts to £8,773,028. The reimbursement of the amounts due at the balance sheet date will depend on the cash needs of PB Gelatin UK limited. Although the company will not seek for repayment within the year, the company deemed it prudent to fully impair the outstanding balance as per December 31, 2021.

The company also initiated the liquidation of the intermediary holding companies Dyka UK. A partial write-off of the outstanding intercompany loan owed by DYKA UK was approved on April 12, 2021, and resulted in a loss of £1,957,060.

As a result of the above mentioned transactions, the amounts written off on intragroup debtors amount to £11,548,319 (2020: £59,427,705) and are included in the statement of comprehensive income.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Amounts owed to group undertakings	20,009,940	10,421,153
Amounts owed to group undertakings – group relief	1,292,827	-
Amounts owed to third party	20,382	13,801
Accruals and deferred income	<u>21,256</u>	<u>40,656</u>
	<u>21,344,405</u>	<u>10,475,610</u>

The amounts owed to group undertakings consist of current accounts and accrued interest charges with John Davidson Pipes Ltd and Tessengerlo Group NV. These current accounts have no fixed date of repayment and are repayable on demand. Interest accrues daily at a rate of LIBOR + a margin, representing the cost of funding.

TESSENDERLO HOLDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

12. POST-EMPLOYMENT BENEFITS

On the 31 March 2012 a staff pension scheme providing benefits based on final pensionable pay was closed to future accrual of benefits. Prior to closure, the final salary scheme was merged on 31 December 2007 with the schemes of other Tessengerlo Holding UK Limited subsidiaries. Tessengerlo Holding UK Limited is the principle employer. Assets are held in a separately administered fund. The scheme provides retirement benefits on the basis of members final salary. The plan is administered by an independent trustee, who is responsible for ensuring that the plan is sufficiently funded to meet current and future obligations. The latest actuarial valuation of the scheme took place on 1 January 2020.

The key assumptions used by the independent qualified actuaries, Buck Consultants Limited in updating the latest valuation of the scheme for section 28 of FRS 102 purposes were as follows

	2021	2020
Inflation (RPI)	3.35	2.85
Inflation (CPI)	2.75	2.25
Pension increases (RPI max 5% min 3%)	3.70	3.45
Pension increases (RPI max 5%)	3.20	2.80
Discount rate at 31 December	1.85	1.35

2021 Mortality assumptions are based on the following:

- Post-retirement mortality (base table) : 110% S3PMA, 105% S3PFA
- Post-retirement mortality (improvements): CMI_2020 [1.50% M, 1.25% F] [S-kappa=7, A=0.25%, w2020=0%] from 2016

2020 Mortality assumptions are based on the following:

- Post-retirement mortality (base table) : 110% S3PMA, 105% S3PFA
- Post-retirement mortality (improvements): CMI_2019 [1.50% M, 1.25% F] [S-kappa=7, A=0.25%] from 2016

TESSENDERLO HOLDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

12. POST-EMPLOYMENT BENEFITS (CONTINUED)

Amounts recognised in the statement of comprehensive income in respect of this defined benefit scheme are as follows:

	31-Dec-21	31-Dec-20
	£	£
Administration cost	155,751	141,755
Net interest income on the defined benefit pension	(60,491)	(39,387)
Expense in statement of comprehensive income	<u>95,260</u>	<u>102,368</u>
Actual return on scheme assets	<u>2,299,605</u>	<u>6,322,532</u>

Analysis of amount recognised in other comprehensive income:

	2021	2020
	£	£
Actual return less expected return on assets	1,640,274	5,430,332
Experience gains on liabilities	246,843	1,169,590
Changes in assumptions	<u>1,299,000</u>	<u>(3,931,000)</u>
Actuarial (loss)/gain recognised in other comprehensive income	<u>3,186,117</u>	<u>2,668,922</u>

The amount included in the statement of financial position arising from the Company's obligation in respect of its defined benefit scheme is as follows:

	Value at 31 December 2021	Value at 31 December 2020
	£	£
Fair value of scheme assets	50,604,259	49,370,402
Present value of defined benefit obligations	<u>(42,955,000)</u>	<u>(44,812,000)</u>
Asset recognised in the statement of financial position	<u>7,649,259</u>	<u>4,558,402</u>

TESSENDERLO HOLDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

12. POST-EMPLOYMENT BENEFITS (CONTINUED)

Movements in the present value of the defined benefit obligation were as follows:

	2021	2020
	£	£
Opening defined benefit obligation	44,812,000	41,999,381
Interest on pension liabilities	598,840	852,813
Actuarial losses on scheme liabilities	(1,545,843)	2,761,410
Net benefits paid out	(909,997)	(801,604)
Closing defined benefit obligation	<u>42,955,000</u>	<u>44,812,000</u>

Movements in the fair value of scheme assets were as follows:

	2021	2020
	£	£
Opening fair value of plan assets	49,370,402	43,991,229
Interest on scheme assets	659,331	892,200
Return on scheme assets	1,640,274	5,430,332
Administration cost	(155,751)	(141,755)
Net benefits paid out	(909,997)	(801,604)
Closing fair value of plan assets	<u>50,604,259</u>	<u>49,370,402</u>

	Value at 31 December 2021	Value at 31 December 2020
	£	£
UK equity instruments	-	3,067,064
Overseas equity instruments	-	10,539,547
Corporate bonds	18,249,291	20,297,799
Cash	15,884,265	1,754,666
Diversified growth fund	15,355,737	12,522,887
Insured pensioners	1,114,966	1,188,439
	<u>50,604,259</u>	<u>49,370,402</u>

TESSENDERLO HOLDING UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Year ended 31 December 2021

13. DEFERRED TAX ASSETS AND LIABILITIES

	2021	2020
	£	£
Deferred taxation		
At 1 January	-	-
Credit in profit or loss	-	(507,108)
Debit in other comprehensive income	-	507,108
At 31 December	<u>-</u>	<u>-</u>

14. CALLED UP SHARE CAPITAL

	2021	2020
	£	£
Issued, called up and fully paid		
41,596,035 (2020: 41,596,035) Ordinary shares of £1 each	<u>41,596,035</u>	<u>41,596,035</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 10 December 2020 the group converted the loans granted by Tessengerlo Group NV into capital. The total nominal amount of loans outstanding amounted to £66,089,904 at that date. New shares were issued equal to the fair value of the loan owed by Tessengerlo Holding UK, based on an external valuation report, resulting in additional share capital of £40,596,000. The difference of £25,493,904, representing the balance of the loan waived, was recognized in the statement of changes in equity.

15. RELATED PARTIES

The Company has taken advantage of the exemptions under the terms of paragraph 33.1A of FRS 102 which does not require disclosure of transactions between a subsidiary and other group undertakings, where 100% of the Company's voting rights are controlled within the group and the consolidated financial statements of the ultimate parent Company are publicly available.

TESSENDERLO HOLDING UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2021

16. CONTROLLING PARTIES

The Company's immediate parent undertaking, and ultimate parent undertaking, is Tessenderlo Group NV, a Company registered in Belgium which owns 100% share capital as per December 31, 2021. There have been no change in ownership compared to last year.

The smallest and largest group in which the results of the Company are consolidated is that headed by Tessenderlo Group NV, incorporated in Belgium. The registered address of Tessenderlo Group NV is Troonstraat 130, 1050 Elsenne, Belgium.

The results of the Company are included in the consolidated financial statements of Tessenderlo Group NV. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, Crown Way, Cardiff.

17. POST BALANCE SHEET EVENTS

There are no significant post balance sheet event.