

CALACHEM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

CALACHEM LIMITED

COMPANY INFORMATION

Directors	Paymon Daneshpay (resigned 27 February 2023) Angus Gray (appointed 27 February 2023) Neil Dixon (appointed 24 October 2023, resigned 27 November 2023)
Registered number	5369235
Registered office	One St. Peters Square Manchester M2 3DE
Independent auditors	Anderson Anderson & Brown Audit LLP 133 Finnieston St Glasgow G3 8HB
Bankers	Royal Bank of Scotland 36 St Andrew Square Edinburgh EH2 2AD
Solicitors	Dickson Minto 16 Charlotte Square Edinburgh EH2 4DF

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

Introduction

The Director presents their strategic report on the Company for the year ended 31 December 2022.

Principal activities

The Company undertakes contract manufacture of fine chemical products from its site in Grangemouth, Scotland. It also provides a range of industrial services to customers located alongside its Grangemouth site and elsewhere in the UK.

Manufacturing

The business provided contract manufacturing of intermediates and actives for major agrochemical companies, on a contractual basis. The Company ceased trading in this area, during the year. The Company has included all relevant provisions for restructuring and site clean down and decommissioning have been included in the 2021 comparative values.

Industrial services

The business offers industrial services, including effluent treatment, environmental services and the supply of steam, electricity, water and other utilities together with other various property & facility services. This will form the focus of the new business going forward.

Results and performance

For the year ended 31 December 2022, the Company made a pre-tax profit before one off items of £1.5m (2021: loss of £0.6m).

The Company generated turnover of £63.0m (2021: £47.7m) and operating EBITDA* of £2.6m (2021: £(1.4m)).

Construction of a new Combined Heat and Power (CHP) plant commenced in early 2019, due for completion Q1 2024. The energy from this new CHP is expected to reduce CalaChem's dependence on National Grid derived gas and electricity and its associated volatile pricing.

CalaChem defined benefit pension scheme. The company is wholly discharged all liabilities in relation to the defined benefit obligation.

* The company defines Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA), as its operating profit plus depreciation, amortisation, foreign exchange differences and exceptional items.

Strategy

The business objective is now to achieve steady and sustainable rates of growth and returns, primarily from organic growth across the business units within industrial services; environmental services, utilities services & facilities & property services. CalaChem is focussed on re-aligning the organisation to become a customer focussed industrial services business. The Board confirms the strategy as follows:

1. Seeking new opportunities and long term relationships with customers for industrial services;
2. Leasing of owned land and buildings across our site;
3. Sell surplus land and/or buildings for development purposes.

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

S172 Statement

Employee Engagement

The management of the company is fully committed to keeping its employees informed of material matters which affect them both in the short and longer term. This information is communicated in variety of forms and frequency depending the nature and importance of the information being disseminated.

This includes but not limited to:

- Discussions with unions on the financial health of the company;
- Monthly town hall meeting are held in order to cascade relevant information discussed at monthly management meetings;
- Monthly town hall pack;
- Strategy statement incorporating cores values for the company being displayed on notice boards throughout the site;
- Frequent updates on health and safety metrics;
- E-mail announcements on strategic decisions likely to affect the company's business performance;
- Regular updates of recruitment and/or departure of key senior staff and / or directors.

Other stakeholders

The company views, as key to its success, positive interactions with all other stakeholders including customers, suppliers and others relevant parties such government agencies and the local community. There are on-going periodic communications and interactions with all of these parties including:-

- Frequent meetings with customers to review performance (delivery, quality, price, responsiveness, etc), future business requirements and any other relevant information;
- Scheduled visits with SEPA (Scottish Environment Protection Agency) to discuss performance of site on the local environment;
- Regular communication (including visits) with HSE (Health and Safety Executive);
- Regular interaction with local college to facilitate on-site apprenticeships;
- Sponsorship of local charities and schools;
- Engagement with the local council to keep them informed on future plans and effects on the local community.

The company operates to the highest standards for business conduct and is a member of the CIA (Chemical Industries Association) and participates in regular meetings to review on-going issues within the industry and help develop best practice, both in commercial terms and with regard to environmental and regulatory matters.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Key Performance Indicators

The Board is assisted in monitoring progress on the overall business strategy and the individual strategic elements by reference to a number of measures, including the KPI's noted below:

	2022	2021	2020
Growth / (Reduction) in turnover (%)	32.0%	5.1%	(14.2%)
Growth / (Reduction) in EBITDA	229.0%	(39.7%)	(23.3%)
EBITDA to turnover ratio (%)	4.1%	(3.0%)	5.2%

Principal risks and uncertainties

Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them.

The key business risks affecting the company are set out below:

Impact of COVID-19 pandemic

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. To date the company has been able to trade normally but with increased health and safety measures and protocols in place. It expects to continue with minimal disruption to output, but continues to monitor developments closely.

Competition and customer service

The business operates in a highly competitive and fragmented market place, where price and customer service are often the key determinants of competitiveness. Also, there has been a notable growth in suppliers into this market place in recent years from the Far-East. This results in constant pressure on margins, and our need to ensure a high level of customer service as a differentiation. Our marketing teams work closely with customers on all aspects of customer service to both understand and respond to their needs, to mitigate these risks.

Global supply chain crisis

The ongoing global complications with respect to shipping container availability, dock congestion, local HGV driver availability and availability of raw materials pose ongoing risk. Our supply chain team works closely with our suppliers to ensure multiple raw material options are available where possible and to ensure sufficient delivery times are in place.

Environmental and legislation

Many aspects of chemical manufacturing are strictly governed by legislation, and it is critical that we operate safely in all aspects of our work. Our equipment and processes are fully evaluated to identify potential hazards and establish risk control measures before any manufacture commences, and on the occasion of any change in use. Many items of plant are also subject to strict maintenance regimes, and staff are fully trained for the operations that they are asked to conduct. We also collect and monitor a range of operational statistics on various aspects of Safety, Health and Environmental performance. Although manufacturing ceased within the year some equipment, areas, materials remain on-site which are treated with the same level of care to ensure the safety of our employees and compliance with all relevant laws and regulations.

Employees

The loss of key staff and/or the inability to recruit high quality staff would impair our ability to meet our objectives and would have a detrimental impact on the business results. To mitigate this risk, the business follows a succession planning strategy and incentivises individuals where appropriate.

Post Brexit

The UK's exit from the EU in January 2020 introduced levels of uncertainty into the business environment especially with regard to imports and exports. To date there have been some minor delays in the supply chain for goods being sourced from Europe but no

significant impact on profitability. Calachem continues to monitor trading relationships with Europe and potential regulatory and other changes to seek to minimise the impact on the business.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Financial Risks

Currency Exchange

The majority of sales and business costs are in sterling and therefore exposure to foreign exchange risk is not significant. However, as a large proportion of sales are export, the company is aware that exchange differences may have a determination on orders placed by export customers. Our normal business monitoring constantly reviews performance and value for money with our customers and no significant issues in this regard have been raised. In considering specific business any potential material purchases in foreign currencies are reviewed in advance and if appropriate specific terms agreed with customers. Now that manufacturing has ceased our exposure to currency risk is immaterial.

Utility Prices

The business incurs significant cost in gas and electricity and prices for these have been volatile in recent years. The company seeks advice from external brokers on likely price movements ahead and where appropriate buys forward against projected needs.

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

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Angus Gray

Director

Date: 21 December 2023

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

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

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £460,336 (2021 - loss £7,852,936).

The Director does not recommend payment of a final dividend.

Directors

The Directors who served during the year were:

Paymon Daneshpay (resigned 27 February 2023)

Neil Dixon (appointed 24 October 2023, resigned 27 November 2023)

Angus Gray (appointed 27 February 2023)

Future developments

On-site activities demand significant consumption of energy, particularly electricity and steam. Although the company seeks to hedge its exposure to volatile utility prices, it remains the company's aim to find a long-term solution to its energy requirements with more predictable cost per unit pricing. To this end, construction works on a new energy from waste plant started in 2019 and progressed throughout 2022. Completion of this expected early in 2024 at which time the company will be taking electricity and steam directly from this facility.

Changes to environmental legislation impact on the business. However, with continued planned investment in our plant and infrastructure we anticipate that we will be able to increase capacity and be in a better position to offer industrial services to our customers.

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

Training and Development

We have consistently sought to recruit and retain the best employees available, to provide the level of response and customer service demanded by our customers.

The company training programme focuses on safety and other factors required to maintain its licence to operate, whilst allowing it to exist peacefully with its neighbours, but also provides a range of professional and personal training to meet the development needs of staff.

Research and development

Product development and process technology innovation are driven by the specific requirements of each of our customers. Where appropriate, development and process technology efforts are managed in cross-functional teams which involve commercial and manufacturing personnel. It is believed that this structure supports clear business and customer focus. Process technology groups are all located at the site in Grangemouth.

Employees

Employee involvement

The company adopts an approach of being open with employees about matters affecting the business. The company is fully committed to keeping all employees informed about the performance, progress and issues relating to their business or work unit, and about wider business issues.

Equal opportunities

The company believes that every employee should be treated with the same respect and dignity. It values the rich diversity and creative potential of people with differing backgrounds and abilities, and encourages a culture of equal opportunities in which personal success depends on personal merit and performance. It is company policy that there should be no discrimination against any person for any reason that is not relevant to the effective performance of their job. All judgements about people for the purposes of recruitment, development and promotion will be made solely on the basis of their ability and potential in relation to the needs of the job. Every manager is responsible for implementing this policy.

Employment of people with disabilities

It is company policy that people with disabilities should have the same consideration as others with respect to recruitment, retention and personal development. Depending on their skills and abilities, they enjoy the same career prospects as other employees and the same scope for realising potential. The company also takes all reasonable steps to ensure that its working environments can accommodate special needs. The company also makes every effort to continue to employ staff who may become disabled whilst employed, providing appropriate training and adapting facilities to allow them to continue working where possible.

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

Greenhouse gas emissions, energy consumption and energy efficiency action

Greenhouse gas emissions and energy use date for the year to 31 December 2022	
Energy consumptions used to calculate emissions	48,888,760
Scope 1 emissions in metric tonnes CO₂e	
Gas for steam	
Gas for space heating	
Gas oil for steam	
Waste gas for steam	
Fleet – Site Vehicles (Gas oil for FLT)	
Fleet – Site Vehicles (Hire Vans – fuel card)	6,681
Total Scope 1	
Scope 2 emissions in metric tonnes CO₂e	
Purchased electricity	2,435
Scope 3 emissions in metric tonnes CO₂e	
	223
Purchased Electricity Transmission and Distribution Losses	
Water supply only (Water treatment is carried out on site and included in purchased electricity)	69
Business travel in employee owned vehicles and hire vehicles	
	1
Total gross emissions in metric tonnes CO ₂ e	9,409
Intensity ratio Tonnes CO ₂ e per £m Turnover	149.0
Intensity ratio Tonnes CO ₂ e per Tonne product shipped	1.152

Qualification and reporting methodology

CalaChem has followed 2019 HM Government Environmental Reporting Guidelines and have used the 2021 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is the total gross emissions in metric tonnes CO₂e per £m Turnover, as set out in Annex F of the 2019 HM Government Environmental Reporting Guidelines.

Work continues on the construction of an energy from waste plant that will supply all heat and power for the site and will reduce reliance on fossil fuels. The anticipated beneficial operation date is February 2024.

CalaChem surpassed the Climate Change Agreement energy intensity target for both years of TP5, which covers the two year period 2021-2022.

CalaChem, in addition to reducing CO₂e/£m by 44% between 20221 and 2022, continues to seek energy efficiency opportunities. CalaChem is planning to implement ISO500001 and this will be progressed in the next reporting period.

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

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end other than those included at note 33 to the accounts.

Political and charitable contributions

During the year, the company made donations to UK charities amounting to £ 308 (2021: £ 130).

The company made no political contributions during the current or prior years.

Going Concern

The directors are confident that, having reviewed the company's budgets and forecasts, the company has adequate resources and funding to continue in operation and to enable it to pay its debts as they fall due for the foreseeable future. This review included an analysis of business operating plans, proposed capital expenditure, the availability of alternative sources of funding and associated cash flow projections. The directors, therefore, consider it appropriate to adopt the going concern basis in preparing these financial statements.

Auditors

KPMG LLP resigned as auditor on 16 February 2023, at which time Anderson, Anderson & Brown Audit LLP were appointed. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Anderson, Anderson & Brown Audit LLP will therefore continue in office.

This report was approved by the board on 21 December 2023 and signed on its behalf.

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Angus Gray
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CALACHEM LIMITED

Opinion

We have audited the financial statements of CalaChem Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of comprehensive income, 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 2022 and of its profit 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.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CALACHEM LIMITED (CONTINUED)

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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report 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 Strategic report or 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 5, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CALACHEM LIMITED (CONTINUED)

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 identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations – this responsibility lies with management with the oversight of the Director.

Based on our understanding of the Company, discussions with management and the Director we identified financial reporting standards as having direct effect on the amounts and disclosures in the financial statements.

As part of the engagement team discussion about how and where the Company's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Our audit procedures include:

- Completing a risk assessment process during our planning for this audit that specifically considered the risk of fraud;
- Reviewing sales invoices and relevant paperwork to ensure appropriate cut-off, accrued income and deferred income application has been made;
- Assessing and testing accrued and deferred income to confirm appropriate revenue recognition;
- Enquiry of management about the Company's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- Examining supporting documents for all material balances, transaction and disclosures;
- Review, where applicable, senior management team meeting minutes;
- Enquiry of management about litigations and claims and inspection of relevant correspondence;
- Analytical procedures to identify any unusual or unexpected relationships;
- Specific audit testing on and review of areas that could be subject to management override of controls and potential bias, most notable around the key judgements and estimates, including the carrying value of investment property, intercompany balances, accruals, provisions for liabilities, deferred tax, stock impairment and revenue recognition;
- Considering management override of controls outside of the normal operating cycles including testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements including evaluating the business rationale of significant transactions outside the normal course of business.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CALACHEM LIMITED (CONTINUED)

The potential effects of the inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

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.

Angus McCuaig (Senior statutory auditor)

for and on behalf of

Anderson Anderson & Brown Audit LLP

Statutory Auditors

133 Finnieston St

Glasgow

G3 8HB

21 December 2023

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

	Note	Continuing operations 2022 £	Discontin'd operations 2022 £	Total 2022 £	Continuing operations 2021 £	Discontinued operations 2021 £	Total 2021 £
Turnover	4	38,522,595	24,476,977	62,999,572	20,859,947	26,851,070	47,711,017
Cost of sales		(34,213,910)	(24,121,353)	(58,335,263)	(18,569,666)	(26,915,499)	(45,485,165)
Gross profit		<u>4,308,685</u>	<u>355,624</u>	<u>4,664,309</u>	<u>2,290,281</u>	<u>(64,429)</u>	<u>2,225,852</u>
Distribution costs		(18,127)	(230,464)	(248,591)	(193,081)	(215,218)	(408,299)
Administrative expenses		(3,370,267)	-	(3,370,267)	(3,081,526)	-	(3,081,526)
Exceptional costs	13	-	-	-	(577,000)	-	(577,000)
Other operating income	5	417,064	-	417,064	615,355	-	615,355
Closure costs		-	-	-	-	(10,021,465)	(10,021,465)
Operating profit/(loss)	6	<u>1,337,355</u>	<u>125,160</u>	<u>1,462,515</u>	<u>(945,971)</u>	<u>(10,301,112)</u>	<u>(11,247,083)</u>
Interest receivable and similar income	10	14,548	-	14,548	7,568	-	7,568
Revaluation of investment property		-	-	-	1,545,000	-	1,545,000
Profit/(loss) before tax		<u>1,351,903</u>	<u>125,160</u>	<u>1,477,063</u>	<u>606,597</u>	<u>(10,301,112)</u>	<u>(9,694,515)</u>
Tax on profit/(loss)	11	(1,016,727)	-	(1,016,727)	1,841,579	-	1,841,579
Profit/(loss) for the financial year		<u>335,176</u>	<u>125,160</u>	<u>460,336</u>	<u>2,448,176</u>	<u>(10,301,112)</u>	<u>(7,852,936)</u>
Other comprehensive income for the year							
Income relating to cessation of defined benefit pension scheme				-			816,000
Total comprehensive income for the year				<u>460,336</u>			<u>(7,036,936)</u>

The notes on pages 16 to 36 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	15	8,136,937	7,805,655
Investments	16	2	2
Investment property	17	1,675,000	1,675,000
		<u>9,811,939</u>	<u>9,480,657</u>
Current assets			
Stocks	18	134,691	3,142,474
Debtors	19	11,270,377	13,895,729
Cash at bank and in hand	20	3,407,948	1,875,854
		<u>14,813,016</u>	<u>18,914,057</u>
Creditors: amounts falling due within one year	21	(9,857,651)	(9,923,682)
Net current assets		<u>4,955,365</u>	<u>8,990,375</u>
Total assets less current liabilities		<u>14,767,304</u>	<u>18,471,032</u>
Provisions for liabilities			
Other provisions	23	(604,936)	(5,058,000)
		<u>(604,936)</u>	<u>(5,058,000)</u>
Pension asset		-	289,000
Net assets		<u><u>14,162,368</u></u>	<u><u>13,702,032</u></u>
Capital and reserves			
Called up share capital	24	14,895,965	14,895,965
Share premium account	25	5,512,000	5,512,000
Profit and loss account	25	(6,245,597)	(6,705,933)
		<u><u>14,162,368</u></u>	<u><u>13,702,032</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 December 2023.

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Angus Gray
Director

The notes on pages 16 to 36 form part of these financial statements.

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

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2021	14,895,965	5,512,000	1,799,003	22,206,968
Comprehensive income for the year				
Loss for the year	-	-	(7,852,936)	(7,852,936)
Income relating to cessation of defined benefit pension scheme	-	-	816,000	816,000
Other comprehensive income for the year	-	-	816,000	816,000
Total comprehensive income for the year	-	-	(7,036,936)	(7,036,936)
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(1,468,000)	(1,468,000)
Total transactions with owners	-	-	(1,468,000)	(1,468,000)
At 1 January 2022	14,895,965	5,512,000	(6,705,933)	13,702,032
Comprehensive income for the year				
Profit for the year	-	-	460,336	460,336
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	460,336	460,336
Total transactions with owners	-	-	-	-
At 31 December 2022	<u>14,895,965</u>	<u>5,512,000</u>	<u>(6,245,597)</u>	<u>14,162,368</u>

The notes on pages 16 to 36 form part of these financial statements.

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

1. General information

CalaChem Limited is a private company incorporated, domiciled, and registered in England and Wales. Its principal place of business is Earls Road, Grangemouth, Sitrlingshire, FK3 8XG. The registered address is One St. Peters Square, Manchester, M2 3DE.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of Aurelius Equity Opportunities SE & Co KGaA as at 31 December 2022 and these financial statements may be obtained from Aurelius Beteiligungsberatungs AG, Unterer Anger 3, 80331 Munich, Germany.

2.3 Going concern

The Directors are confident that, having reviewed the Company's budgets and forecasts, the Company has adequate resources and funding to continue in operation and to enable it to pay its debts as they fall due for the foreseeable future. This review included an analysis of business operating plans, proposed capital expenditure, the availability of alternative sources of funding and associated cash flow projections. The Directors, therefore, consider it appropriate to adopt the going concern basis in preparing these financial statements.

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

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

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

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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

2. Accounting policies (continued)

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Grant income

Grants are credited to deferred income upon receipt and released to the statement of comprehensive income on a straight line basis over the period ending with the expiry of the contractual grant criteria.

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Pensions

The Company contributes to a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

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

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.13 Termination benefits

A provision is recognised when a detailed formal plan exists, the expenditure required or termination benefits to be paid is known, it is known when the plan will be implemented, there is no realistic possibility of withdrawal from the plan and the redundancies have been communicated to the employees concerned.

2.14 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

2. Accounting policies (continued)

2.15 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- 25 years
Plant and machinery	- 5 - 15 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.16 Investment property

Investment property is carried at fair value determined by external valuers and derived from market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.18 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.19 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Since the closure of CalaChem's manufacturing division in 2022, all stock held is spare parts which can be utilised in other areas of the business. These are stated at cost, and would be impaired if the parts are deemed inoperable.

2.20 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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

2. Accounting policies (continued)

2.21 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.22 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.24 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The Company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Company's Balance sheet when the Company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

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 the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing

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

2. Accounting policies (continued)

2.24 Financial instruments (continued)

transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

2.25 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

Provisions for liabilities

Provisions for liabilities are measured at the best estimate (including risks and uncertainties) of the expenditure required to settle the present obligation, and reflects the present value of expenditures required to settle the obligation where the time value of money is material.

Deferred tax assets

Deferred tax assets in respect of tax losses and other temporary differences are not recognised unless there is sufficient evidence that the Company will generate sufficient profits for the deferred tax assets to be recoverable in the foreseeable future.

Investment properties

Investment properties are independently & professionally valued using market values but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

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

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Contract manufacturing	24,476,979	26,851,070
Industrial services	38,522,593	20,859,947
	<u>62,999,572</u>	<u>47,711,017</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	40,760,514	19,923,000
Rest of Europe	9,364,137	13,522,000
Rest of the world	12,874,921	14,266,017
	<u>62,999,572</u>	<u>47,711,017</u>

5. Other operating income

	2022 £	2021 £
Release of deferred grant revenue	113,005	181,010
Volume discount rebate	94,086	-
Profit on disposal of tangible assets	185,951	386,345
Other interest	-	(2,000)
Subsidiary management charge	24,022	50,000
	<u>417,064</u>	<u>615,355</u>

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

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2022	2021
	£	£
Research & development charged as an expense	1,065,251	875,033
Exchange differences	(33,743)	-
Depreciation charge and other amounts written off on owned tangible fixed assets	786,470	2,052,038
Closure costs:		
Lonza provision release	-	(1,131,105)
Restructuring provision (redundancy)	-	3,266,000
Restructuring provision (plant cleandown)	-	1,792,000
Fixed asset impairment	-	5,223,502
Engineering stores provision	-	870,068

A number of provisions were recorded in the prior year financial statements to reflect the close down of the manufacturing division, which occurred in 2022. A significant proportion of these provisions have been utilised throughout the year, with a balance of £605,936 remaining as at 31 December 2022. This balance has been further utilised in 2023.

7. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors and their associates:

	2022	2021
	£	£
Fees payable to the Company's auditors and their associates for the audit of the Company's financial statements	54,000	81,000
Fees payable to the Company's auditors and their associates in respect of:		
All non-audit services not included above	3,000	-
Fees payable to the Company's auditors and their associates in connection with the Company's pension scheme(s) in respect of:		
All non-audit services not included above	-	16,000

Fees payable to the Company's auditor for the audit of other group companies amount to £11,000 (2021: £8,000).

Fees payable to the Company's auditor for all non-audit services for other group companies amount to £3,000 (2021: £Nil).

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

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	4,709,454	6,396,771
Social security costs	595,975	655,000
Cost of defined contribution scheme	359,617	516,000
	<u>5,665,046</u>	<u>7,567,771</u>

The key management personnel of the Company consist of the Managing Director, Finance Director, Head of Operations, and the Safety, Health & Environmental manager.

The total employee benefits of the key management personnel in the year totalled £443,934 (2021: £460,037).

The average monthly number of employees, including the Director, during the year was as follows:

	2022 No.	2021 No.
Manufacturing	66	125
Research and development	4	6
Management/administrative	40	29
	<u>110</u>	<u>160</u>

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	145,000	179,000
Company contributions to defined contribution pension schemes	10,150	10,937
	<u>155,150</u>	<u>189,937</u>

During the year retirement benefits were accruing to 1 Director (2021 - 1) in respect of defined contribution pension schemes.

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

10. Interest receivable

	2022 £	2021 £
Interest receivable from group companies	9,307	7,387
Bank interest receivable	5,241	181
	<u>14,548</u>	<u>7,568</u>

11. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	-	(66,557)
	<u>-</u>	<u>(66,557)</u>
Total current tax	<u>-</u>	<u>(66,557)</u>
Deferred tax		
Origination and reversal of timing differences	388,207	(1,909,000)
Changes to tax rates	(38,377)	(156,022)
Adjustment in respect of previous year	608,940	290,000
Losses and other deductions	57,957	-
Total deferred tax	<u>1,016,727</u>	<u>(1,775,022)</u>
Tax on profit/(loss)	<u>1,016,727</u>	<u>(1,841,579)</u>

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

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2021 - the same as) the standard rate of corporation tax in the UK of 19% (2021 - 19%) as set out below:

	2022 £	2021 £
Profit/(loss) on ordinary activities before tax	<u>1,477,063</u>	<u>(8,878,515)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	280,642	(1,686,918)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	141,127	15,804
Adjustments to tax charge in respect of prior periods	608,940	224,184
Non-taxable income	-	(339,329)
Fixed asset differences	178,029	52,440
Chargeable gains/(losses)	-	468,268
Other permanent differences	(84,491)	-
Movement in unrecognised deferred tax	(107,520)	(576,028)
Total tax charge for the year	<u>1,016,727</u>	<u>(1,841,579)</u>

Factors that may affect future tax charges

The main rate of corporation tax has increased to 25% from 1 April 2023. The closing deferred tax asset has been calculated in accordance with relevant tax rates.

12. Dividends

	2022 £	2021 £
Dividend paid to immediate parent company	-	1,468,000
	<u>-</u>	<u>1,468,000</u>

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

13. Exceptional items

	2022 £	2021 £
Pension advisor costs	-	426,000
Tax charge in relation to pension gain	-	151,000

During 2018, CalaChem Limited initiated the process to buy-out the Company's defined benefit pension scheme. This exercise was completed during 2021 which saw a net surplus of £282,730 repaid to the Company upon closure. The Company was also reimbursed for professional fees incurred in relation to the close down of the scheme.

14. Intangible assets

	Goodwill £
Cost	
At 1 January 2022	26,082,000
At 31 December 2022	26,082,000
Amortisation	
At 1 January 2022	26,082,000
At 31 December 2022	26,082,000
Net book value	
At 31 December 2022	-
At 31 December 2021	-

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

15. Tangible fixed assets

	Land & buildings £	Plant and machinery £	Assets under construction £	Total £
Cost or valuation				
At 1 January 2022	11,047,022	94,926,000	1,449,633	107,422,655
Additions	-	-	1,122,069	1,122,069
Disposals	(6,318,152)	(19,626,094)	-	(25,944,246)
Transfers between classes	-	676,658	(676,658)	-
At 31 December 2022	<u>4,728,870</u>	<u>75,976,564</u>	<u>1,895,044</u>	<u>82,600,478</u>
Depreciation				
At 1 January 2022	9,506,000	90,111,000	-	99,617,000
Charge for the year on owned assets	24,174	762,296	-	786,470
Disposals	(6,232,252)	(19,707,677)	-	(25,939,929)
At 31 December 2022	<u>3,297,922</u>	<u>71,165,619</u>	<u>-</u>	<u>74,463,541</u>
Net book value				
At 31 December 2022	<u>1,430,948</u>	<u>4,810,945</u>	<u>1,895,044</u>	<u>8,136,937</u>
At 31 December 2021	<u>1,541,022</u>	<u>4,815,000</u>	<u>1,449,633</u>	<u>7,805,655</u>

16. Fixed asset investments

	Investments in subsidiary companies £	Investment in joint ventures £	Total £
Cost or valuation			
At 1 January 2022	1	1	2
At 31 December 2022	<u>1</u>	<u>1</u>	<u>2</u>

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

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Earls Gate Water Limited	One, St. Peters Square, Manchester, England, M2 3DE	The supply of water to CalaChem Limited.	Ordinary	100 %

Joint venture

The following was a joint venture of the Company:

Name	Registered office	Principal activity	Holding
Earls Gate Gridco Limited	Earls Road, Grangemouth, Scotland, FK3 8XG	Ownership, operation & maintenance of grid infrastructure.	50 %

In the opinion of the Director, the recoverable amounts of the investments is at least equal to the carrying amounts.

17. Investment property

	Freehold investment property £
Valuation	
At 1 January 2022	1,675,000
At 31 December 2022	<u>1,675,000</u>

The 2020 valuations were made by Ryden LLP, on an open market value for existing use basis.

The buildings held as investment properties were acquired upon the incorporation of CalaChem Limited, and have been owned by several other entities since their construction. It is therefore impractical to conclude on what the historic cost and accumulated depreciation of these buildings would be under the historic cost accounting rules.

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

18. Stocks

	2022 £	2021 £
Raw materials and consumables	-	2,783,779
Work in progress (goods to be sold)	-	41,031
Finished goods and goods for resale	-	317,664
Stock held for spare parts	134,691	-
	<u>134,691</u>	<u>3,142,474</u>

The carrying value of stocks are stated net of impairment losses totalling £Nil (2021 - £1,570,000). Impairment losses totalling £Nil (2021 - £870,068) were recognised in profit and loss.

19. Debtors

	2022 £	2021 £
Due after more than one year		
Deferred tax asset	1,563,273	2,580,000
	<u>1,563,273</u>	<u>2,580,000</u>
Due within one year		
Trade debtors	8,140,753	9,394,000
Amounts owed by group undertakings	210,238	575,732
Other debtors	1,068,647	1,242,467
Prepayments and accrued income	287,466	103,530
	<u>11,270,377</u>	<u>13,895,729</u>

20. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	3,407,948	1,875,854
	<u>3,407,948</u>	<u>1,875,854</u>

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

21. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	4,452,917	5,835,665
Other taxation and social security	544,646	203,748
Other creditors	83,409	885,916
Accruals and deferred income	4,776,679	2,998,353
	<u>9,857,651</u>	<u>9,923,682</u>

22. Deferred taxation

	2022 £
At beginning of year	2,580,000
Charged to profit or loss	(1,016,727)
At end of year	<u><u>1,563,273</u></u>

The deferred tax asset is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	792,963	1,053,000
Tax losses carried forward	974,955	1,642,000
Other timing differences	181,605	271,000
Capital (gains)/losses	(386,250)	(386,000)
	<u><u>1,563,273</u></u>	<u><u>2,580,000</u></u>

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

23. Provisions

	Plant cleandown provision £	Restructuring provision £	Total £
At 1 January 2022	1,792,000	3,266,000	5,058,000
Utilised in year	(804,764)	(3,040,345)	(3,845,109)
Released in year	(607,955)	-	(607,955)
At 31 December 2022	379,281	225,655	604,936

Provisions were made in 2021 for the closure of the manufacturing operations. A significant proportion of the provisions have been utilised throughout 2022, with the remaining expected to be fully utilised in 2023.

24. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
14,895,965 (2021 - 14,895,965) Ordinary shares shares of £1.00 each	<u>14,895,965</u>	<u>14,895,965</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.

25. Reserves

Share premium account

The share premium account includes any premiums received on the issue of share capital over and above the notional value. Transaction costs associated with the direct issue of shares are deducted from the share premium account.

Profit and loss account

The profit and loss account includes all current and prior year retained profits and losses. Included within the profit and loss account is £1,545,000 of non-distributable reserves represented by unrealised property revaluations.

26. Discontinued operations

In August 2022, the Chemical Manufacturing division ceased and the decommissioning & cleandown process commenced. The significant costs associated with this were provided for in the 2021 financial statements, and have been incurred throughout 2022 and 2023.

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

27. Contingent liabilities

The business has contingent liabilities on its Grangemouth site and is subject to contingencies pursuant to laws and regulations which in the future may require it to take action to correct the effects on the environment of the prior disposal, release or escape of chemical substances.

While the continued outcome of some of these matters cannot be readily foreseen, the Director believes that any issues will be disposed of without material effect on the financial position as shown in these financial statements.

28. Capital commitments

At 31 December 2022 the Company had capital commitments as follows:

	2022 £	2021 £
Contracted for but not provided in these financial statements	83,212	882,000
	<u>83,212</u>	<u>882,000</u>

29. Pension commitments

The Company contributes to a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund, and amounted to £359,617 (2021 - £516,000). Contributions totalling £121,533 (2021 - £86,628) were payable to the fund at the balance sheet date and are included in creditors.

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FOR THE YEAR ENDED 31 DECEMBER 2022**

30. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	-	5,000
Later than 1 year and not later than 5 years	-	3,000
	<u>-</u>	<u>8,000</u>

31. Other financial commitments

Unsettled forward transactions at at 31 December 2022, to hedge forward gas and electricity purchases are as follows;

	2022 £	2021 £
Maturing within one year;		
To hedge utility prices	25,675,162	1,932,000
	<u>25,675,162</u>	<u>1,932,000</u>

32. Related party transactions

Earls Gate Energy Centre Limited

Earls Gate Energy Centre Limited is a shareholder of Earls Gate Gridco Limited, owning 50% of the share capital.

In the year, the Company charged Earls Gate Energy Centre Limited for recharges and other services totalling £3,410,791 (2021: £500,913). As at 31 December 2022, the Company was owed £820,158 (2021: £12,470) relating to those charges.

In the year, total costs charged to the Company from Earls Gate Energy Centre Limited totalled £4,650,388 (2021: £403,669). As at 31 December 2022, the Company owed £783,120 (2021: £403,669) relating to those charges.

Earls Gate Gridco Limited

In the year, the Company was charged £Nil (2021: £Nil) by Earls Gate Gridco Limited in relation to the grid connection costs. No amounts were outstanding as at 31 December 2022.

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

33. Post balance sheet events

In April 2023, the sole member of the Company passed a special resolution to undertake a share capital reduction exercise which seen the nominal value of each issued fully paid ordinary share of the Company be reduced from £1 to £0.50. This resulted in the total share capital of the Company being reduced from £14,895,965 to £7,447,982.50, with the same amount of £7,447,982.50 crediting retained earnings.

On the same day, the share premium account in the amount of £5,512,000 was extinguished in full, with the same amount being credited to retained earnings.

34. Controlling party

The Company is a wholly owned subsidiary undertaking of CalaChem Holdings Limited (a Company incorporated in England and Wales). The largest and smallest group in which the results of the Company are consolidated is that headed by Aurelius Equity Opportunities SE & Co KGaA. Copies of the Aurelius Equity Opportunities SE & Co KGaA consolidated financial statements can be obtained from Aurelius Beteiligungsberatungs AG, Unterer Anger 3, 80331 Munich, Germany.

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