Registered number: 10029773

AKCROS ACQUISITION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

AKCROS ACQUISITION LIMITED

COMPANY INFORMATION

Directors	P A Angus (resigned 19 September 2022) K Patel (resigned 1 August 2022) S D Medley (appointed 19 September 2022) J Elmer (appointed 12 December 2022)
Registered number	10029773
Registered office	Lankro Way Eccles Manchester M30 0XL
Independent auditors	Crowe U.K. LLP 3rd floor The Lexicon Mount Street Manchester M2 5NT

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The directors present the strategic report of Akcros Acquisition Limited and its subsidiary undertakings, Akcros Holdings Limited, Valtris Specialty Chemicals Limited, Valtris Specialty Chemicals India Pvt Limited, Valtris Specialty Chemicals (Hong Kong) Limited, Valtris Advanced Organics Limited, Valtris Advanced Organics Belgium N.V., Valtris Advanced Organics Maastricht B.V., Valtris France, Valtris Enterprises France S.A.S., Valtris Champlor S.A.S., and Valtris Enterprises Limited (together "the Group") for the year ended 31 December 2021, detailing the main factors impacting upon the business during the year and a review of progress.

Business review

Principal activities

The principal activity of the company was operating as a holding company.

The principal activities of the Group were the manufacture and distribution of chemical products with industrial and domestic uses.

Review of the business during the year

Valtris Specialty Chemicals Limited

Safety underpins all activities at Valtris and we remain fully committed to the safety and well-being of our employees, the local community and the environment. There were two lost time injuries in 2021, both of which occurred in January and were in the slips, trips and falls category. Valtris has implemented a corporate program focused upon behaviors to reduce the risk of this category of injury occurring and employees are included in ongoing, targeted training with the aim of bringing the organization back to the target level of zero injuries. Covid-19 continued to influence the operating and safety procedures within Valtris, with new and/or updated risk assessments and safety measures being introduced as needed to reflect the changing situation.

2021 was a year of strong growth for Valtris Specialty Chemicals Ltd, fueled by the strong economic recovery following the severe Covid-19 driven market downturn in 2Q2020. Covid-19 remained a significant factor influencing the economy during the first half of 2021, with lock downs and restrictions in place in many countries, including the UK, until the middle of the year. The end of the Brexit transition period became effective on 31st January 2021, bringing many new or revised processes and guidelines for direct trade with the EU, increasing both the complexity and the costs of doing business. The year was characterized by spiraling raw material costs, price escalation, severe supply chain disruptions and global logistics cost and availability challenges. EU demand for Valtris products in 2021 was boosted by increased consumer demand as a result of disposable income being diverted away from travel and vacation towards home improvements, in addition to the migration of manufacturing away from other regions, notably Asia, back to Europe in order to minimize supply issues.

Turnover in 2021 increased by 16.4% to £87.1M relative to prior year (2020 £74.9M), primarily driven by price increases made necessary by escalating raw material, logistics and energy costs, but also by the increased sales volumes arising from higher market demand, despite the headwind of a £2M pre-buy f safety stocks in 4Q2020 to cover potential Brexit transition challenges in 1Q2021. Operating profit continued to grow, rising from £7.8M in 2020 to £8.8M in 2021, an increase of 13.1% largely achieved from a richer product mix, increased market demand and lower than expected regulatory costs, substantially outweighing the adverse impact of higher employee costs and the Brexit stock pre-buy.

The strengthening GBP vs. EUR in 2021 led to exchange gains of £3.5M arising from the retranslation of largely EUR denominated monetary assets and liabilities, which a favourable impact on the pre-tax profits.

Demand for Valtris products nominally increased by 2.7% in 2021 but this number was artificially low for two reasons. First, the Brexit safety stock build by customers in 4Q2020 took volume out of 1Q2021, otherwise the growth would have been 7.3%. second, raw material availability issues resulted in significant supply issues for two key product ranges in 2021, without which the annual demand growth would have been substantially higher. Following the Covid-19 driven downturn and subsequent recovery in 2020, virtually all of Valtris' end markets grew in 2021, most particularly the Building & Construction sector, where after-market demand spiked as consumers invested in home improvements. Automotive recovery was much slower as it was heavily hampered by supply chain disruptions, notably chips, and recovery in the leisure industry was also relatively slow as lockdowns and restrictions in many countries were still prevalent.

From a regulatory standpoint, EU REACH related costs largely came from toxicological test programs which arose as part of the evaluation phase. Regulatory costs for Valtris remained low for the second successive year, reflecting the timing element of many of the ongoing toxicological test programs underway, a situation which is expected to change in the coming 1-2 years as costs for this work begin to come in. Looking forwards, changing regulatory requirements are expected to bring additional costs to the business, particularly the new REACH programs in the UK and India, the Biocidal Products Regulation as we as changes in other parts of the world, however, delays to several of these will push back the anticipated expenses accordingly.

Headcount increased over the course of 2021, primarily in the manufacturing function in response to the much stronger demand for Valtris products across all end markets. This additional workforce increased the level of flexibility and output within the production team and provided the basis for an improvement in overall service levels to Valtris customers.

Valtris Enterprises Limited

Turnover for the years was €103.7M, an increase of 47% compared to 2020. The Company was adept at managing supply chain challenges and rising raw material costs and was able to pass through price increases and grow sales. Customers became more reliant on local manufacture rather than imports throughout 2021, a trend likely to continue through 2022. Strategic initiatives appropriate to certain market sectors were particularly timely with a number of competitors facing raw material supply shortages and subsequent manufacturing issues allowing new business gains.

There were no lost time injuries for the Company and its tolling partner, Valtris Enterprises France, related to the Company's activities. Safety is fundamental to the activities of Valtris and we remain committed to the well-being of our employees and the environment.

Valtris Advanced Organics Limited

After a strong 2020 with an achieved EBITDA of €7.6M, the business performance in 2021 came down to an EBITDA of €4.5M. Still operating under Covid-19 measurements, strong price and customer mix management, plus growth in some product line, was offset by Benzyl Alcohol production issues that have been solved in the fourth quarter, softening second half year European Benzyl Chloride demand into the cleaning and sanitation market and spiking energy costs.

Valtris Champlor SAS

The Company maintains a targeted approach in its actions related to the Covid-19 pandemic. Despite the absence of a site closure, the 2020 accounts were marked by a slowdown in activity of around 11% on biodiesel volumes. The Company had to face additional costs related to the implementation of protective measures for subcontractors working on site. The company initially applied for a €6M government sponsored Covid-19 loan in 2020 followed by an additional loan of €4M in 2021.

Activity for 2021 was very strong following the post Covid-19 economic recovery and the upward trend in oil prices. Both allowed the Company to achieve a very good financial year.

The Company considers that the health crisis has not had a material impact on its assets or on its continuity of operations. Nevertheless, the health crisis continues and it is not possible to estimate the impact on the accounts for 2022.

In addition, the Company was subject to a tax audit which did not result in any significant adjustment.

Principal risks and uncertainties

The following principal risks encountered in the normal course of business have been assessed and managed by the directors;

Commercial risk

The Group operates in a changing economic and competitive environment that presents risks, many of which cannot be predicted or controlled.

The Group faces competition in both pricing and market share. This is handled through management of contracts between the company and its customers. The company strives to continually enhance its reputation for quality and service to maintain strong customer relationships.

A large proportion of materials purchases are commodities for which prices can fluctuate significantly.Gross margins achieved are heavily influenced by the ability to pass on price increases to customers and the ability to source materials at competitive prices.

Financial risks

The Group is exposed to a variety of financial risks in the ordinary course of business, including commodity price volatility, liquidity and interest rate risk.

Liquidity

The policy has been to ensure continuity of funding by acquiring a proportion of fixed assets under finance and operating leases and financing operations via short term credit facilities with the principal funder. The directors have reviewed forecasts for the next 12 months and consider that available financial resources are sufficient to meet the cash flow requirements of the business.

Interest rate risk

The UK Group is financed predominantly by loans from the parent Group and interest rates are fixed on that lending. The UK Group company has reduced the exposure to this risk following redemption of external lending.

In the wider context, the policies and procedures in relation to the monitoring of these risks are undertaken in conjunction with management of the ultimate parent. This includes continual risk assessment, monitoring and, if deemed necessary, entering into contractual arrangements in order to mitigate the adverse effects on the Group's financial performance.

Credit risk

There is a risk of loss arising from financial difficulties experienced by customers and potentially the failure of customers to meet their financial obligations. The Group manages this risk through credit control procedures and continual monitoring of creditworthiness. Amounts presented in the financial statements for trade receivables are net of allowances for doubtful debts estimated by management based upon experience and their assessment of the risks arising from the current economic environment. Management consider that the operational risk is reduced to an acceptable level.

Currency risk

The Group is exposed to currency risk as sales are invoiced in different currencies. As a result the Group is exposed to exchange gain variances between GBP, the US Dollar, the Euro and the Indian Rupee. The risk is mitigated to a certain extent, in that foreign currency bank accounts are maintained and, where possible, a natural hedge will result from buying and selling in the same currency.. Management continually monitor the exposure of the company.

The Group has also been exposed to exchange fluctuations in relation to loans from its parent group denominated in Euro and US Dollar. The denomination of loans in foreign currencies has however provided a hedge against the weakening in GBP against these currencies.

Legal and regulatory risks

The trading subsidiary, Valtris Specialty Chemicals Limited, operates a manufacturing site and is exposed to regulatory risks surrounding the management of this environment. The company operates in a highly regulated industry and operates a manufacturing site that is an "Upper Tier" COMAH site, governed by Environment Permits issued by the Environment Agency and with an Hazardous Substances Consent license issued by the Competent Authority (Salford Council) for the storage and use of hazardous materials.

The company also has a duty of care to its employees under the Health & Safety at Work Act to provide a safe place of work and this is monitored by the Health and Safety Executive (HSE).

REACH is a further major piece of legislation which impacts on the company's operation and business within Europe, requiring it to register its products with the European Chemical Agency (ECHA), providing a dossier of information on the potential environmental and public health impacts of it products. It requires the company to both communicate to its customers how its products need to be handled to be used safely, as well as using the information provided by its suppliers on how it handles raw materials used on site.

The company is regularly audited on compliance with these regulations.

To assist in managing its obligations against these legal requirements, the company has developed a robust management system which is accredited to ISO9001 (Quality), ISO 14001 (Environment) and OHSAS 18001 (Health & Safety) standards. The management system includes written instruction for all operational activities on site with documented risk assessments of tasks and COSHH assessments for the handling of all materials. As well as external audits by the accrediting body, BSI, the company carries out it's own internal audits of its practices against required standards.

The company communicates and consults with its employees on legal and regulatory requirements through a number of forums, but chiefly through the Operations Health, Safety & Environment Committee (OHSEC) and the Eccles Site Production Agreement (ESPA) Committee as well as regular team briefs and written notices as required.

As the Company can be impacted by a range of legislation changes, it subscribes to Newground Legislation Update Service, and is a member of the trade organisation, the Chemicals Industry Association (CIA) which supports the industry sector with legal updates, lobbying of government and legal advice.

Financial key performance indicators

The directors monitor and manage performance assisted by the production of detailed monthly management reports containing detailed detailed monthly accounts and a number of key financial and non-financial performance measures. The main KPIs include turnover, gross margin and operating costs by business segment.

Other key performance indicators

Various non-financial KPIs are included in the management information used to monitor the performance of manufacturing and the wider business;
On time shipments
Invoice accuracy
Grade II produced
Aged inventory

Employment related measures include;
Sickness levels
Lost time injury frequency

Health and safety measures include;
Reportable spills/exceedances
PSPI's (Process Safety Performance Indicators).

The latter are required under COMAH and are monitored under their intervention program.

Directors' statement of compliance with duty to promote the success of the Group

Section 172 of the Companies Act 2006 requires a director to act in a way he or she considers, in good faith, would be most likely to promote the success of the group (and company) for the benefit of its members as a whole. In doing this, section 172 requires a director to have regard, among other matters, to: the likely consequences of any decision in the long term; the interests of the company's employees; the need to foster the company's business relationships with suppliers, customers and others; the impact of the company's operations on the community and the environment; the desirability of the company maintaining a reputation for high standards of business conduct; and the need to act fairly with members of the company.

The Directors give careful consideration to the factors set out above in discharging their duties under section 172. The stakeholders we consider in this regard are the people who work for us, our customers and those in the supply chain with whom we engage, our owners, regulatory bodies and people living in the societies within which we operate. The Directors recognise that building strong relationships with our stakeholders will help us to deliver our strategy in line with our long-term values and operate the business in a sustainable way. We are committed to doing business responsibly and thinking for the long term.

The Directors regularly receive reports from management on issues concerning clients, the environment, suppliers, employees, and other stakeholders which it takes into account in its discussions and in its decision-making process under section 172.

Employment
Directors receive monthly updates on various staff metrics. The company is committed to promoting a healthy workforce with focus on mental health and wellbeing, developing a culture of inclusion, ensuring training and development opportunities are provided and keeping staff informed of key issues through our communications network. We look to attract and retain staff via our recruitment and development strategies.

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Customers
As well as the Directors receiving updates from senior management on the group's interaction with customers, Directors and senior managers regularly meet customer representatives to maintain relationships and understand their specific needs.

Suppliers
We have consistent standards and procedures for the onboarding and use of external suppliers. We require suppliers to meet our compliance and financial stability requirements, as well as to meet our requirements around health and safety where appropriate.

Community and the environment
The company fully recognises the importance of its environmental responsibilities, monitors and controls its impact on the environment and implements policies aimed at reducing any damage that might be caused by it's operations. In this respect further details of the regulatory environment and the response of the group are included in the "Principal risks and uncertainties" section above.

This report was approved by the board on 27 January 2023 and signed on its behalf.

J Elmer
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments 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 Group 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 the Group 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 the Group 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 £16,904,154 *(2020 - loss £2,131,374)*.

Directors

The directors who served during the year were:

P A Angus (resigned 19 September 2022)
K Patel (resigned 1 August 2022)

Future developments

Future developments are covered within the business review and there were no specific matters for further disclosure.

Engagement with employees

The management team communicates regularly with employees through briefings and periodic team meetings chaired by the directors.

The Group is committed to equality of opportunity and makes every reasonable effort to ensure that there is no harassment or unlawful discrimination in the way that the company treats its employees, contractors, job applicants and visitors.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Engagement with suppliers, customers and others

Details are included in the Strategic Report.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Group's greenhouse gas emissions and energy consumption (in the UK) for the year ended 31 December 2021 were as follows:

	2021	*2020*
Emissions resulting from activities for which the Group is responsible involving the combustion of gas or consumption of fuel for the purposes of transport (in tonnes of CO2 equivalent, tCO2)	**4,624**	*4,755*
Emissions resulting from the purchase of the electricity by the Group for its own use, including the purposes of transport (in tonnes of CO2 equivalent, tCO2)	**3,161**	*3,184*
Energy consumed from activities for which the Group is responsible involving the combustion of gas, or the consumption of fuel for the purposes of transport, and the annual quantity of energy consumed resulting from the purchase of electricity by the Group for its own use, including for the purposes of transport, in kWh	**31,039,000**	*31,800,000*

Measures have been taken to increase energy efficiency and promote environmental objectives during the reporting period;

Industry associations
Working with the Chemical Industries Association (CIA), to develop best practice for energy reduction and with the UK government in relation to the green energy levy.

Working with VinylPlus
The European PVC industry is creating a long-term sustainability framework for the entire PVC value chain and improving PVC products sustainability and their contribution to a sustainable society.

Sustainable technical innovations
All product development and reformulation work done with the environment and sustainability in mind.

Practical moves to sustainable manufacturing
Reduced waste water due to recycling, and more efficient usage of water; Replacement of 'old style' motors for plant agitation with more efficient motors, reducing power usage; Installation of filtered power factor adjustment units to ensure delivery of lowest possible wattage to the production units; Recycling of packaging within the manufacturing site, for example tin based products and return of packaging for recycling.

Matters covered in the strategic report

The Strategic Report includes details of principal activities, the business review, principal risks and uncertainties, key performance indicators and statement of compliance with s172.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

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 and the Group'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 and the Group's auditors are aware of that information.

Post balance sheet events

There are no significant post balance sheet events impacting upon the Group.

Auditors

The auditors, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 January 2023 and signed on its behalf.

J Elmer
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AKCROS ACQUISITION LIMITED

Opinion

We have audited the financial statements of Akcros Acquisition Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company 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 Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's 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 Group 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 Group's or the parent 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.

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

Other information

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

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

We have nothing to report in 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 Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements, except for the matter referred to below.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 9, 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 Group's and the parent 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 Group or the parent 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 Group 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 audit team members. We then designed and performed audit procedures in response to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations which have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were primarily the UK Companies Act 2006.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing of the posting of journals and reviewing accounting estimates for evidence of management bias.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

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

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.

Michael Jayson (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

3rd floor
The Lexicon
Mount Street
Manchester
M2 5NT

Date: 27 January 2023

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

	Note	2021 £	2020 £
Turnover	4	**415,438,242**	*342,543,583*
Cost of sales		**(347,739,767)**	*(292,098,656)*
Gross profit		**67,698,475**	*50,444,927*
Distribution costs		**(20,270,172)**	*(18,957,698)*
Administrative expenses		**(20,643,507)**	*(19,772,114)*
Exceptional administrative expenses	13	**(656,801)**	*(752,833)*
Other operating income	5	**748,887**	*523,565*
Other operating charges	6	**(1,182,696)**	*(1,127,565)*
Operating profit	6	**25,694,186**	*10,358,282*
Interest receivable and similar income	10	**5,093,736**	*3,011*
Interest payable and similar expenses	11	**(7,450,187)**	*(12,989,457)*
Profit/(loss) before tax		**23,337,735**	*(2,628,164)*
Tax on profit/(loss)	12	**(6,433,581)**	*496,790*
Profit/(loss) for the financial year		**16,904,154**	*(2,131,374)*
Other comprehensive income for the year			
Net exchange gains on re-translation of foreign subsidiary undertakings		**(184,930)**	*178,936*
Total comprehensive income for the year		**16,719,224**	*(1,952,438)*
Profit for the year attributable to:			

The notes on pages 24 to 54 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note		2021 £		2020 £
Fixed assets					
Intangible assets	15		**40,066,800**		*47,541,872*
Tangible assets	16		**31,525,604**		*30,051,058*
Current assets					
Stocks	18	**35,795,169**		*23,425,393*	
Debtors: amounts falling due after more than one year	19	**1,742,217**		*2,313,521*	
Debtors: amounts falling due within one year	19	**56,240,799**		*46,146,803*	
Cash at bank and in hand	20	**9,325,711**		*12,413,823*	
		103,103,896		*84,299,540*	
Creditors: amounts falling due within one year	21	**(77,471,291)**		*(41,013,371)*	
Net current assets			**25,632,605**		*43,286,169*
Total assets less current liabilities			**97,225,009**		*120,879,099*
Creditors: amounts falling due after more than one year	22		**(60,722,569)**		*(100,301,619)*
Provisions for liabilities					
Deferred tax	24		**(3,807,696)**		*(3,933,456)*
Other provisions	25		**(3,756,120)**		*(4,424,624)*
Net assets			**28,938,624**		*12,219,400*
Capital and reserves					
Called up share capital			**1**		*1*
Foreign exchange reserve	27		**307,508**		*492,438*
Other reserves	27		**15,451,298**		*15,451,298*
Profit and loss account	27		**13,179,817**		*(3,724,337)*
			28,938,624		*12,219,400*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 January 2023.

J Elmer
Director

AKCROS ACQUISITION LIMITED
REGISTERED NUMBER: 10029773

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note		2021 £		2020 £
Fixed assets					
Investments	17		**28,037,384**		*28,037,385*
Current assets					
Debtors: amounts falling due within one year	19	**453,515**		*453,515*	
Creditors: amounts falling due within one year	21	**(20,012,470)**		*(3,647,399)*	
Net current liabilities			**(19,558,955)**		*(3,193,884)*
Total assets less current liabilities			**8,478,429**		*24,843,501*
Creditors: amounts falling due after more than one year	22		**-**		*(16,362,355)*
Net assets			**8,478,429**		*8,481,146*
Capital and reserves					
Called up share capital			**1**		*1*
Other reserves	27		**15,451,298**		*15,451,298*
Profit and loss account	27		**(6,972,870)**		*(6,970,153)*
			8,478,429		*8,481,146*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 January 2023.

J Elmer
Director

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

	Called up share capital	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	1	313,502	15,451,298	(1,592,963)	14,171,838
Comprehensive income for the year					
Loss for the year	-	-	-	(2,131,374)	(2,131,374)
Net gain on translation of foreign subsidiary operations	-	178,936	-	-	178,936
At 1 January 2021	1	492,438	15,451,298	(3,724,337)	12,219,400
Comprehensive income for the year					
Profit for the year	-	-	-	16,904,154	16,904,154
Net gain on translation of foreign subsidiary operations	-	(184,930)	-	-	(184,930)
Total comprehensive income for the year	-	(184,930)	-	16,904,154	16,719,224
At 31 December 2021	1	307,508	15,451,298	13,179,817	28,938,624

The notes on pages 24 to 54 form part of these financial statements.

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

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	**1**	**15,451,298**	**(5,107,240)**	**10,344,059**
Comprehensive income for the year				
Loss for the year	-	-	**(1,862,913)**	**(1,862,913)**
At 1 January 2021	**1**	**15,451,298**	**(6,970,153)**	**8,481,146**
Comprehensive income for the year				
Loss for the year	-	-	**(2,717)**	**(2,717)**
At 31 December 2021	**1**	**15,451,298**	**(6,972,870)**	**8,478,429**

The notes on pages 24 to 54 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit/(loss) for the financial year	**16,904,154**	*(2,131,374)*
Adjustments for:		
Amortisation of intangible assets	**7,482,977**	*7,560,019*
Depreciation of tangible assets	**5,698,860**	*5,020,899*
Unrealised exchange differences on re-translation of loans	**(5,093,736)**	*4,774,962*
Interest payable	**7,450,187**	*8,214,495*
Unrealised exchange gains	**-**	*(3,011)*
Taxation charge	**6,433,581**	*(496,790)*
(Increase)/decrease in stocks	**(12,369,776)**	*2,957,922*
(Increase) in debtors	**(9,147,327)**	*(3,270,051)*
Increase/(decrease) in amounts owed to group undertakings	**2,141,866**	*(144,856)*
Increase/(decrease) in creditors	**15,104,390**	*(4,791,222)*
(Decrease)/increase in provisions	**(668,504)**	*784,383*
Corporation tax (paid)	**(1,031,463)**	*(290,850)*
Net cash generated from operating activities	**32,905,209**	*18,184,526*
Cash flows from investing activities		
Purchase of intangible fixed assets & acquisitions	**(7,905)**	*-*
Purchase of tangible fixed assets	**(7,109,505)**	*(3,759,598)*
Sale of tangible fixed assets	**3,185**	*78,307*
Interest received	**-**	*3,011*
Net cash from investing activities	**(7,114,225)**	*(3,678,280)*
Cash flows from financing activities		
New loans	**2,475,284**	*5,428,341*
Loans from group undertakings repaid	**(24,676,947)**	*(4,587,719)*
Interest paid on loans	**(7,450,187)**	*(8,214,495)*
Net cash used in financing activities	**(29,651,850)**	*(7,373,873)*
Net (decrease)/increase in cash and cash equivalents	**(3,860,866)**	*7,132,373*
Cash and cash equivalents at beginning of year	**12,403,409**	*5,271,036*
Cash and cash equivalents at the end of year	**8,542,543**	*12,403,409*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**9,325,711**	*12,413,823*
Bank overdrafts	**(783,168)**	*(10,414)*
	8,542,543	*12,403,409*

The notes on pages 24 to 54 form part of these financial statements.

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	12,413,823	(3,088,112)	9,325,711
Bank overdrafts	(10,414)	(772,754)	(783,168)
Debt due after 1 year	(5,428,341)	(2,475,284)	(7,903,625)
	6,975,068	(6,336,150)	638,918

The notes on pages 24 to 54 form part of these financial statements.

1. General information

The company is a private company limited by shares, registered in England and Wales (Registered no. 10029773).

The address of its principal place of business and registered office is;

Lankro Way
Eccles
Manchester UK
M30 0LX

The principal activity of the company was operating as a holding company.

The principal activities of the Group were the manufacture and distribution of chemical products with industrial and domestic uses.

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 Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2. Accounting policies (continued)

2.3 Going concern

At the time of approval of the financial statements, restrictions due to COVID-19 have all but essentially been removed. The year to 31 December 2021 saw a significant recovery in demand and activity and the Group achieved EBITDA of £38.9m.

There remains a degree of uncertainty and raw materials availability and supply chain disruption has had some impact, however, these issues rarely occurred and are now much diminished. During the latter part of 2021 and 2022, the impact of the Ukraine war and escalating energy and materials costs became a major concern and commercial solutions to managing these problems have been put in place across all of the Valtris businesses. After the recovery in 2021 forecast outturns for 2022 have been reduced, however management expect that each business segment will remain profitable.

The directors have reviewed forecasts for a period extending at least 12 months from the date of approval of these financial statements. On the basis of this review, taking into account the general economic position of the sector, recent developments with regard to the global economy and expectations they consider that the Group headed by Akcros Acquisition Limited and the wider parent Group will remain profitable and be in a position to finance operations and meet financial obligations as they fall due for the foreseeable future.

Furthermore, assurances have been received from the ultimate parent Group that support will be extended if required.

As a consequence, the directors believe that the Group is well placed to manage its business risks and working capital cash flows successfully. The directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. The going concern basis therefore continues to be adopted in preparing the financial statements.

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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 Group 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.

2. Accounting policies (continued)

2.6 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

2.9 Interest income

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

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2. Accounting policies (continued)

2.12 Defined contribution pension plans

Subsidiaries within the Group operate several defined contribution pension arrangements for their employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are included in accruals as a liability in the statement of financial position. The assets of these plans are held separately from the Group in independently administered funds.

2.13 Defined benefit pension plans

There are defined benefit pension arrangements and retirement obligations within certain subsidiary undertakings;

The subsidiary undertaking Valtris Advanced Organics Belgium NV operates a defined benefit plan for a limited number of employees. This defines the pension benefit that the employee will receive on retirement, dependent upon several factors including but not limited to age, length of service and remuneration.

The liability recognised in the Statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled. The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate'). The fair value of plan assets is measured in accordance with the fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

The subsidiary undertaking Valtris Advanced Organics Belgium NV also has certain early retirement and other retirement obligations that are provided for and are subject to annual actuarial review. Further details are included in notes 25 and 28.

The subsidiary undertaking Valtris Enterprises France SAS has obligations in relation to retirement indemnities and long service awards.The present value of the retirement obligation is determined annually by independent actuaries using the Projected Unit Credit Method based upon final salary. Further details are included in notes 25 and 28.

2. Accounting policies (continued)

2.14 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

2.15 Exceptional items

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

2. Accounting policies (continued)

2.16 *Intangible assets*

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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.

The estimated useful lives range as follows:

Patents and trade names	-	13-20% Straight line (5-8 years)
Customer relationships	-	8-15.4% Straight line (6-13 years)
Goodwill	-	10% Straight line (10 years)
Technology and developed software	-	10.5 % Straight line (9-10 years)

2.17 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

2. Accounting policies (continued)

2.17 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.

Depreciation is provided on the following basis:

Long-term leasehold property	- 4-8.4% - Over the shorter of the lease term or useful life (12-25 years)
Plant and machinery	- 4-14% per annum (7-25 years)
Motor vehicles	- 20% per annum (5 years)
Fixtures, fittings and equipment	- 10-20% per annum (5-10 years)
Assets under construction	- Not depreciated until completed and brought into use

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.

2.18 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.19 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2. Accounting policies (continued)

2.20 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 weighted averagebasis. 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.

2.21 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.

2.22 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.23 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.

2.24 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Group 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.

2.25 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that

2. Accounting policies (continued)

2.25 Financial instruments (continued)

are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

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

Preparation of the financial statements requires management to make significant judgments and estimates. The areas in the financial statements where these judgments and estimates have been made include:

Intangible fixed assets

Intangible assets acquired as part of a business combination can have varying useful economic lives and their value to the business looking forward can be impacted by economic and commercial changes. The directors are required to review the carrying values of acquired intangible fixed assets annually in the light of the trading performance of the associated business segment and future prospects. They are required to consider the possibility that there may be indications of impairment and reach a judgment and potentially a provision based upon their conclusions.

Trade debtors

There is a risk of loss to the Group arising from financial difficulties experienced by customers and potentially the failure of customers to meet their financial obligations. The Group manages this risk through credit control procedures and continual monitoring of creditworthiness. Amounts presented in the financial statements for trade receivables are net of allowances for doubtful debts. The decisions concerning the requirement to make provisions or the amounts to reserve are made by management, based upon experience and their assessment of the risks arising from the current economic environment.

Stocks

Certain economic factors could affect the realisable value of the company's stocks, including customer demand and market conditions. There is also the risk of technical obsolescence or changes in environmental policy or regulations. Management monitor and consider these factors together with practical measures of historic usage, expected future demand, anticipated achievable selling prices, the impact of new product introduction, product obsolescence and other factors in evaluating risks and recommend provisions as required.

4. Turnover

All of the turnover is attributable to the principal activity of the manufacture and distribution of chemical products.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	**14,493,069**	*11,007,903*
Rest of Europe	**355,811,101**	*296,115,622*
Rest of the World	**45,134,072**	*35,420,058*
	415,438,242	*342,543,583*

5. Other operating income

	2021 £	2020 £
Net rents receivable	**91,337**	*91,335*
Commissions receivable	**46,975**	*82,100*
Grants and subsidies	**531,532**	-
Allowances relating to environmental targets	-	*297,606*
Management charges receivable	-	*44,651*
Other income	**79,043**	*7,873*
	748,887	*523,565*

Grants and subsidies £531,532 relate to tax incentives received by the subsidiary Valtris Advanced Organics Belgium NV.

Other operating income for 2020 £297,606 related to European Union allowances for reduced CO2 emissions, allocated to the subsidiaries Valtris Enterprises France SAS and Valtris Champlor SAS. For 2021 the targets were not met and charges were paid.

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Research & development charged as an expense	**327,908**	*298,904*
Depreciation of tangible fixed assets	**5,698,860**	*5,020,899*
Amortisation of intangible fixed assets, including goodwill	**7,482,977**	*7,560,019*
Exchange (gains)/losses	**(397,705)**	*(132,242)*
Operating lease rentals - land and buildings	**939,652**	*970,132*
Operating lease rentals - other	**2,151,280**	*1,866,760*
Other operating charges - management charges from the parent Group	**1,182,696**	*1,127,565*

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	**30,500**	*29,800*

Fees payable to the Group's auditor and its associates in respect of:

	2021 £	2020 £
Audit services relating to subsidiaries	**67,995**	*59,380*
Taxation compliance services	**14,090**	*11,905*
All other services	**6,535**	*15,565*
	88,620	*86,850*

The above disclosures are for services in relation to the financial year ended 31 December 2021.

8. Employees

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

	Group 2021 £	*Group 2020 £*	Company 2021 £	*Company 2020 £*
Wages and salaries	**21,301,842**	*20,547,591*	-	-
Social security costs	**4,273,980**	*3,983,617*	-	-
Pension costs	**2,344,295**	*2,081,709*	-	-
	27,920,117	*26,612,917*	-	-

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

	2021 No.	*2020 No.*
Production	**267**	*262*
Administrative and management	**143**	*141*
	410	*403*

The Company has no employees other than the directors, who did not receive any remuneration *(2020 - £NIL)*

9. Directors' remuneration

The directors of the parent did not receive any remuneration specifically in respect of their services to the group headed by Akcros Acquisition Limited for the year ended 31 December 2021 (2020: Nil).

The directors are considered to be the Key Management Personnel.

10. Interest receivable and similar income

	2021 £	*2020 £*
Net exchange gains on re-translation of intercompany loans denominated in foreign currencies	**5,093,736**	-
Bank and other interest receivable	-	*2,122*
Other interest receivable	-	*889*
	5,093,736	*3,011*

11. Interest payable and similar expenses

	2021 £	*2020 £*
Interest on loans from parent undertaking	7,376,912	*8,168,844*
Bank interest payable	73,275	*45,651*
Exchange losses on re-translation of loans from parent group denominated in foreign currencies	-	*4,774,962*
	7,450,187	*12,989,457*

12. Taxation

	2021 £	*2020 £*
Corporation tax		
Current tax on profits for the year	6,122,921	*1,358,319*
Adjustments in respect of previous periods	285,762	*(570,280)*
Total current tax	6,408,683	*788,039*
Deferred tax		
Origination and reversal of timing differences	135,414	*(13,150)*
Changes to tax rates	861,886	*(360,721)*
Deferred tax on fair value adjustments - reversal in period	(972,402)	*(910,958)*
Total deferred tax	24,898	*(1,284,829)*
Taxation on profit/(loss) on ordinary activities	6,433,581	*(496,790)*

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2020 - higher than)* the standard rate of corporation tax in the UK of 19% *(2020 - 19%)*. The differences are explained below:

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	**23,337,735**	*(2,628,164)*
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**4,434,170**	*(499,351)*
Effects of:		
Expenses and interest charges not deductible for tax purposes, other than goodwill amortisation and impairment	**631,527**	*261,475*
Additional deductible expenses (non UK tax regimes)	**(349,665)**	*(257,500)*
Capital allowances for year in excess of depreciation	**12,171**	*(29,841)*
Adjustments to tax charge in respect of prior periods	**285,762**	*(570,280)*
Increase in deferred taxation due to change in tax rates	**966,398**	-
Capital gains	**(9,988)**	-
Deferred tax not recognised	**(161,210)**	*268,933*
Differences in tax rates relating to overseas subsidiaries	**770,997**	*225,013*
Other differences leading to an increase in the tax charge	**(146,581)**	*104,761*
Total tax charge for the year	**6,433,581**	*(496,790)*

13. Exceptional items

	2021 £	2020 £
Pension costs (note below)	**362,931**	*458,447*
Product development costs	**130,923**	*236,036*
Re-organisation costs	**162,947**	*58,350*
	656,801	*752,833*

During the year the subsidiary Valtris Advanced Organics Belgium NV incurred additional "one off" costs following actuarial review of pension and early retirement obligations, resulting in exceptional scheme contributions.

14. Parent company loss/profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £2,717 *(2020 - loss £1,862,913)*.

15. Intangible assets

Group and Company

	Patents & trade names £	Customer relationship £	Goodwill £	Technology & software £	Total £
Cost					
At 1 January 2021	7,138,252	29,825,375	26,206,130	6,109,524	69,279,281
Additions - internal	7,905	-	-	-	7,905
At 31 December 2021	7,146,157	29,825,375	26,206,130	6,109,524	69,287,186
Amortisation					
At 1 January 2021	3,965,110	8,344,241	7,360,077	2,067,981	21,737,409
Charge for the year on owned assets	1,138,045	3,057,783	2,620,613	666,536	7,482,977
At 31 December 2021	5,103,155	11,402,024	9,980,690	2,734,517	29,220,386
Net book value					
At 31 December 2021	2,043,002	18,423,351	16,225,440	3,375,007	40,066,800
At 31 December 2020	*3,173,142*	*21,481,134*	*18,846,053*	*4,041,543*	*47,541,872*

15. Intangible assets (continued)

Fair value adjustments

Acquisitions in 2018
Assets and liabilities resulting from business combinations were recorded in the consolidated financial statements at fair values as assessed by external valuers. Assets at fair value are amortised over their estimated useful lives in accordance with the group policies set out in note 2.16. Goodwill arising from these business combinations (including deferred consideration of £2.5m capitalised in 2019) amounting to £22,354,380 is being amortised to profit or loss over it's estimated useful life of 10 years.

The additional amortisation charge impacting upon the group results for the year resulting from these uplifted intangible asset values was £5,652,868 (2020: £5,063,598).

Previous acquisitions
Following the acquisition by Akcros Acquisition Limited of the Akcros Holdings Limited group in 2016, the fair value of the separable net assets acquired were assessed and the resulting valuation uplift in intangible fixed assets was reflected in the consolidated financial statements.

The additional amortisation charge impacting upon the group results for the year resulting from these uplifted asset values was 1,122,225 (2020: £1,122,224).

Impairment

The directors have considered the carrying values of intangible assets and concluded that there are no indications of impairment based upon their review.

16. Tangible fixed assets

Group

	Land and buildings £	Plant and machinery £	Office equipment, fixtures and motor vehicles £	Assets under construction £	Total £
Cost or valuation					
At 1 January 2021	8,355,808	52,261,279	3,680,964	2,904,711	67,202,762
Additions	13,986	2,350,310	9,995	4,735,214	7,109,505
Disposals	(3,185)	-	-	-	(3,185)
Transfers between classes	83,942	2,467,556	-	(2,551,498)	-
Exchange adjustments	-	69,769	-	-	69,769
At 31 December 2021	8,450,551	57,148,914	3,690,959	5,088,427	74,378,851
Depreciation					
At 1 January 2021	2,541,146	33,732,980	877,578	-	37,151,704
Charge for the year on owned assets	591,829	5,012,114	94,917	-	5,698,860
Exchange adjustments	-	2,683	-	-	2,683
At 31 December 2021	3,132,975	38,747,777	972,495	-	42,853,247
Net book value					
At 31 December 2021	5,317,576	18,401,137	2,718,464	5,088,427	31,525,604
At 31 December 2020	*5,814,662*	*18,528,299*	*2,803,386*	*2,904,711*	*30,051,058*

Fair value adjustments

Acquisitions
Assets and liabilities resulting from business combinations were recorded in the consolidated financial statements at fair values as assessed by external valuers. Plant and machinery revaluations amounting to £3.6m were reflected in the financial statements from 2016. The additional depreciation charges impacting upon the Group result for the current year were £537,021 (2020 £537,021).

17. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	28,037,385
At 31 December 2021	28,037,385

17. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Akcros Holdings Limited	England	Ordinary	100%
Valtris Specialty Chemicals Limited	England	Ordinary	100%
Valtris Specialty Chemicals (Hong Kong) Limited	Hong Kong	Ordinary	100%
Valtris Specialty Chemicals India Private Limited	India	Ordinary	100%
Valtris Advanced Organics Limited	England	Ordinary	100%
Valtris Advanced Organics Belgium NV	Belgium	Ordinary	99.99%
Valtris Advanced Organics Maastricht BV	Netherlands	Ordinary	100%
Valtris France SAS	France	Ordinary	100%
Valtris Enterprises France SAS	France	Ordinary	100%
Valtris Champlor SAS	France	Ordinary	100%
Valtris Enterprises Limited	England	Ordinary	100%

Principal activities of subsidiaries

The principal activities of subsidiary undertakings were as follows;

Akcros Holdings Limited; Intermediate holding company

Valtris Specialty Chemicals Limited; Manufacture, distribution and sale of chemical products

Valtris Specialty Chemicals (Hong Kong) Limited; Marketing and sale of chemical products

Valtris Specialty Chemicals India Private Limited; Manufacture and sale of chemical products

Valtris Advanced Organics Limited and Valtris Enterprises Limited; Distribution and sale of chemical products

Valtris Advanced Organics Belgium NV, Valtris Advanced Organics Maastricht BV and Valtris Enterprises France SAS; Tolling manufacture of chemical products

Valtris Champlor SAS; Manufacture and sale of biodeisel products

Valtris France SAS; Intermediate holding company

18. Stocks

	Group 2021 £	*Group 2020 £*
Raw materials and consumables	**8,906,352**	*6,525,473*
Finished goods and goods for resale	**26,888,817**	*16,899,920*
	35,795,169	*23,425,393*

The difference between purchase price or production cost of stocks and their replacement cost is not material.

The carrying value of stocks are stated net of impairment losses totalling £248,365. There has been no significant movement in provisions during the year.

19. Debtors

	Group 2021 £	*Group 2020 £*	Company 2021 £	*Company 2020 £*
Due after more than one year				
Prepayments and accrued income	**1,742,217**	*2,313,521*	-	-

	Group 2021 £	*Group 2020 £*	Company 2021 £	*Company 2020 £*
Due within one year				
Trade debtors	**46,923,467**	*39,924,992*	-	-
Amounts owed by group undertakings	**522,321**	*146,956*	-	-
Other debtors	**4,579,928**	*3,701,216*	**453,515**	*453,515*
Prepayments and accrued income	**4,215,083**	*2,373,639*	-	-
	56,240,799	*46,146,803*	**453,515**	*453,515*

20. Cash and cash equivalents

	Group 2021 £	*Group 2020 £*
Cash at bank and in hand	**9,325,711**	*12,413,823*
Less: bank overdrafts	**(783,168)**	*(10,414)*
	8,542,543	*12,403,409*

21. Creditors: Amounts falling due within one year

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Bank overdrafts	**783,168**	*10,414*	-	-
Trade creditors	**39,384,809**	*27,266,476*	-	-
Amounts owed to group undertakings	**19,569,133**	*686,830*	**20,012,470**	*3,647,399*
Corporation tax	**2,270,843**	*1,579,965*	-	-
Other creditors including other taxation and social security	**8,507,977**	*7,458,276*	-	-
Accruals and deferred income	**6,955,361**	*4,011,410*	-	-
	77,471,291	*41,013,371*	**20,012,470**	*3,647,399*

Amounts owed to group undertakings include a loan extended to Akcros Acquisition Limited for €15,000,000 according to the promissory note. This has a maturity date of 19 June 2022 and is therefore classified at the balance sheet date within creditors falling due within one year. Interest is charged at EURIBOR rate plus 8.75% pa.

The total facilities drawn at 31 December 2021 totalled £16,365,072 (€19,474,437). Comparative amounts at 31 December 2020 were classified as creditors, amounts falling due after more than one year (note 22 below).

22. Creditors: Amounts falling due after more than one year

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Amounts owed to group undertakings	**50,490,456**	*91,850,623*	-	*16,362,355*
Other loans	**7,903,625**	*5,428,341*	-	-
Deferred income	**2,328,488**	*3,022,655*	-	-
	60,722,569	*100,301,619*	-	*16,362,355*

Loans falling due after more than one year

Amounts owed to group undertakings, £50,490,456 (2020 £91,850,623), consist of the following unsecured loans from the parent, Polymer Additives Inc;

A loan extended to Valtris Specialty Chemicals Limited for a total facility of €112,607,880 according to the governing promissory note. The maturity date for repayment of the loan is 31 July 2025. Interest is charged at 8.5% pa. The outstanding balance at 31 December 2021 was €60,083,642 (2020 €83,867,465). The GBP translated balance at 31 December 2021 was £50,490,456 (2020 £75,488,267).

At the comparative balance sheet date, 31 December 2020, amounts owed to group undertakings due after more than one year also included loans extended to Akcros Acquisition Limited £16,362,355 (€18,085,476) detailed in note 21 above.

Other loans, £7,903,625 (€9,403,772) - 2020 £5,428,341(€6,000,000) relates to a French Government loan to the subsidiary Valtris Champlor SAS. The loan is repayable in installments and will be repaid by 29 May 2026. Interest is charged at 0.28%pa.

(2020 €18,085,476). The GBP translated balance at 31 December 2021 was £16,365,072 (2020 £16,362,356).

Loans repayable more than 5 years after the balance sheet date £5,428,341 (2019 £77,419,732).

23. Financial instruments

	Group 2021 £	*Group 2020 £*	Company 2021 £	*Company 2020 £*
Financial assets				
Financial assets that are debt instruments measured at amortised cost	**61,251,427**	*56,186,987*	-	-
Financial liabilities				
Financial liabilities measured at amortised cost	**133,363,882**	*(137,660,319)*	-	*(20,009,755)*

Financial assets classified as debt instruments measured at amortised cost comprise trade debtors £46,923,467 (2020 £39,924,992), amounts owed by group undertakings £522,321 (2020 £146,956), other debtors £4,479,928 (2020 £3,701,216) and cash at bank and in hand £9,325,711 (2020 £12,413,823).

Financial liabilities measured at amortised cost comprise bank loans and overdrafts £783,168 (2020 £10,414), trade creditors £39,384,809 (2020 £27,266,476), amounts owed to group undertakings £19,569,133 (2020 £686,830), other creditors £5,948,842 (2020 £5,383,570), accruals £6,955,361 (2020 £4,011,410) and long term loans and other creditors £60,722,569 (2020 £100,301,619).

24. Deferred taxation

Group

	2021 £	*2020 £*
At beginning of year	**(3,933,456)**	*(5,218,285)*
Charged to profit or loss	**15,244**	*13,150*
Release of provision relating to fair values	**110,516**	*1,271,679*
At end of year	**(3,807,696)**	*(3,933,456)*

24. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	Group 2021 £	Group 2020 £
Accelerated capital allowances	**(244,845)**	*(260,089)*
Short term timing differences	**19,348**	*19,348*
Arising from business combination - fair value adjustments	**(3,582,199)**	*(3,692,715)*
	(3,807,696)	*(3,933,456)*

25. Provisions

Group

	Pension provisions £
At 1 January 2021	**4,424,624**
Charged to profit or loss	**(668,504)**
At 31 December 2021	**3,756,120**

Pension provisions reflect the amounts provided for and disclosed in the statutory financial statements of the following subsidiaries;

Valtris Enterprises France SAS £1,520,439 - €1,809,026 (2020 £1,576,191 - €1,742,180) relating to retirement indemnities €1,667,626 (2020 €1,595,481) and provisions for long service awards €141,400 (2020 €146,699).

Valtris Advanced Organics Belgium NV £2,235,681 - €2,660,025 (2020 £2,848,433 - €3,148,401), comprising;
Defined benefit scheme obligations €1,673,303, "Farewell" premiums, €98,572 (2020 total €2,048,436)
Defined contribution schemes - provisions €365,358 (2020 €591,582)
"Bridge" early retirement obligation €522,792 (2020 €508,383)

These provisions are derived from external actuarial reviews. Full details of defined benefit pension obligations are disclosed in note 28.

26. Share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
1 *(2020 - 1)* Ordinary share of £1.00	1	*1*

27. Reserves

Foreign exchange reserve

The foreign exchange reserve represents the differences arising on re-translation of the results and balance sheet net assets of foreign subsidiary undertakings.

Other reserves

Paid in capital

in 2016 the Group headed by Polymer Additives Holdings Inc. introduced fixed capital to the UK Group and capital contributions totaling £15,451,298 are reflected in the consolidated financial statements. This reserve is deemed to be distributable.

Profit and loss account

The profit and loss account is the cumulative consolidated retained earnings of the Group comprising distributable and non-distributable reserves.

28. Pension commitments

Pension commitments in UK

Valtris Specialty Chemicals Limited
Prior to 4 April 2007, the subsidiary undertaking VSCL was a member of the group wide Akzo Noble (UK) Pension Scheme (the "Scheme") providing benefits to members based on final pensionable salary. Following that date the company's participation in the Scheme ceased and pension benefits built up within the Scheme stayed in deferment.

VSCL has established a Group Stakeholder Pension Plan. The company's contributions into the scheme are based upon employee contributions as follows:

Employee	Employer
%	%
2	7.1
3	8.1
4	9.1

The pension cost charge represents contributions payable by the Company to the fund and amounted to £603,673 (2020 - £494,664).

The company has also established insurance policies to replace other benefits enjoyed by the employees as members of the Akzo Nobel (UK) Pension Trustee Limited, which were benefits self funded through the scheme. These policies are:

Group Income Protection Plan with Unum Limited, to provide a replacement income for employees unable to work through illness or injury. Group Life Insurance with Norwich Union, providing a salary-based lump sum to an employee's dependent's for death in service. Death in Service Pension with Norwich Union, providing a salary based pension to an individual's surviving partner for death in service.

Valtris Advanced Organics Limited
The Company operates a defined contribution 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 €57,596 (2020 - €57,292). No outstanding contributions were payable to the fund at the reporting date.

Valtris Enterprises Limited
The Company operates a defined contribution 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 €24,269 (2020 - €22,013).

Pension obligations in Belgium - Valtris Advanced Organics Belgium NV

Defined benefit scheme
A subsidiary undertaking, Valtris Advanced Organics Belgium NV has a defined benefit pension arrangement for certain employees (17 in total). The actuarial valuation as at 31 December 2021 was carried out by Nexyan Actuaries and Benefit Consultants.

Eligibility for membership of the plan is white collar employees over the age of 25 years, with a permanent employment contract before 1 January 2008. Benefits accrue based upon years of service and pensionable salary, based upon an average of the last 36 months of service. The scheme has a pension ceiling.

Actuarial assumptions;

28. Pension commitments (continued)

Discount rate is based upon the duration of the plan liabilities; duration of 10 years and discount rate of 0.7% to determine benefit obligations and 0.7% to determine benefit cost.
Rate of salary increase; 1.75% + scale
Inflation; 1.75% (long term rate published by ECB)
Pension ceiling increase rate; with inflation
Turnover; 5.5% up to age 40, 1% from age 40
Retirement age; 65
Mortality rate; Follows the Belgian mortality table MR/FR with an adjustment of -5 years

The participants in the scheme consist of 13 active member and 4 deferred members.

The fair value of the assets of the scheme comprising investments in managed funds at 31 December 2021 were determined as €1,845,932 (2020 €1,954,449). Obligations to fund pension liabilities were assessed at €3,519,235 (2020 €4,002,885), a funding deficit of €1,673,303 (2020 €2,048,436). The provision in the financial statements is €1,673,303 (2020 €2,048,436) as shown in note 25.

Defined contribution schemes
The company operates two schemes, one for "white collar" employees in service post 1 January 2008 and one for "blue collar" employees. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company €456,032 (2020 - €434,931).

Retirement obligations in Netherlands - Valtris Advanced Organics Maastricht BV

The company operates a defined contribution scheme, the assets of which are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company 250,887 (2020 - €215,860).

Retirement obligations in France - Valtris Enterprises France SAS

Provisions (note 25) include €1,667,626 (2020 €1,595,481) relating to retirement indemnities and €141,400 (2020 €146,699) relating to provisions for long service awards.

Retirement indemnities
When an employee reaches a defined retirement age, the company is required to pay them a retirement allowance. The amount is calculated using an actuarial method and the calculation at the balance sheet date was by the external payroll service provider, applying chemical industry collective agreement specifications.

All employees of the company at retirement are entitled to this benefit, so the basis for calculation is all of the 129 permanent employees. The present value of the pension obligation is determined using the Projected Unit Credit Method based upon final salary.

Actuarial assumptions;
Discount rate; 0.81%
Rate of salary increase; 3%
Turnover; 2.38% to age 25, 2.35% to 30, 3.9% to 40, 1.56% to 45, 1.79% to 50, 2.33% to 55, 3.7% to 60 and from aged 60, 0 %
Retirement age; 63 for white collar and 61 for other
Mortality table; INSEE TD-TV 14-16
Number of month of salary benefit is based upon seniority;
Up to 5 years=> 0 months
5-10 years => 1.5 months

28. Pension commitments (continued)

10-15 years => 2.5 months
15 to 20 years=> 3 months
20-25 years =>4 months
25-30 years => 4.5 months
30-35 years => 5months
35-40 years => 6 months
Up to 60 years => 7.5 months

Long service awards
Employees are entitled to long service awards under the chemical industry collective agreement. The provision represents actuarial calculations at the balance sheet date by the external payroll service provider. Detailed assumptions have not been presented on grounds of materiality.

Defined contribution scheme
The Company contributes to a government scheme. The pension cost charge represents contributions payable by the Company to the retirement scheme fund and amounted to €538,514 (2020 - €494,663).

29. Commitments under operating leases

At 31 December 2021 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	*Group 2020 £*
Land and buildings		
Not later than 1 year	**869,737**	*874,339*
Later than 1 year and not later than 5 years	**2,939,130**	*2,898,834*
Later than 5 years	**3,588,512**	*4,995,693*
	7,397,379	*8,768,866*

Other assets;

	Group 2021 £	*Group 2020 £*
Not later than 1 year	**788,903**	*779,006*
Later than 1 year and not later than 5 years	**1,043,394**	*2,284,655*
Later than 5 years	**7,607,141**	*8,441,547*
	9,439,438	*11,505,208*

Where relevant, operating lease commitments are re-stated at prevailing closing exchange rates at the balance sheet date.

The Company, Akcros Acquisition Limited, had no operating lease commitments.

30. Related party transactions

FRS 102, Section 33, requires disclosures necessary to draw attention to the possibility that the financial position and profit or loss have been affected by the existence of related parties and by transactions and outstanding balances with such parties. Disclosure is not required of transactions entered into between two or more wholly owned members of a group.

31. Controlling party

The Company is a wholly owned subsidiary undertaking of Polymer Additives Holdings Inc, registered in USA.

At the balance sheet date, the results were consolidated into the financial statements of the parent undertaking Polymer Additives Holdings Inc and the ultimate controlling party was HIG Valtris LLC, both registered in USA.

Since the end of the financial year, on 1 August 2022, Valtris Group was acquired by S K Capital Partners, registered in USA, which became the parent and ultimate controlling party.