Elementis Chromium Limited Liability Partnership

Annual Report and financial statements

For the year ended 31st December 2021

Partnership number OC303465

Contents

Members and Advisors for the year ended 31st December 2021

Designated Members
Elementis UK Limited
Elementis Holdings Limited

Registered office
Caroline House
55-57 High Holborn
London
WC1V 6DX

Statutory Auditor
Deloitte LLP
1 New Street Square
London
EC4A 3HQ

Members' report

The members have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the Limited Liability Partnership ("LLP") is the sale of chromium chemicals. All employees are contractually employed by Elementis UK Ltd and their associated payroll cost is recharged to the LLP.

Business review

The LLP continues to sell to its European customers and is supplied by Elementis plc and its subsidiaries' (together "the Group's") US Chromium manufacturing plant.

The loss for the year was £928,000 (2020: loss of £3,900,000), this decreased year on year due to improved cost discipline.

Key performance indicators

The LLP continues to use a number of performance measures for health and safety (including lost time accidents, recordable injuries, and environmental non-compliance), sales (including sales volume and value, on time delivery and customer complaints), contribution, fixed costs and operating profit. These are all measured at a divisional level against annual plans and quarterly re–forecasts and reviewed by the divisional management team on a routine basis. In addition, the business closely monitors progress in both physical and monetary terms of the restructuring and demolition of the Eaglescliffe site.

Risk factors

The LLP as part of Elementis plc, is subject to a formal risk management strategy for covering insurable risks. The main risks relate to customer demand and this is managed by regular market reviews.

The impact of climate change and Coronavirus (COVID-19) has been kept under review by the Board of the ultimate parent undertaking Elementis plc. Further disclosure can be found on page 64 of the annual report and accounts 2021 for the group.

Going concern

The members are satisfied that the work performed by the group, as detailed below, on Elementis plc on the going concern is adequate and demonstrated the ability that they would be able to provide the necessary financial support to the LLP for the foreseeable future.

The ability to meet its obligations as they fall due is dependent on the ultimate parent company providing financial support during the period of assessment. A letter of support has therefore been provided by Elementis plc, which states it will provide the necessary financial support to ensure that this partnership is able to operate as a going concern for at least twelve months from the date of signing of these financial statements.

The Group's going concern assessment covers at least the 12 months period from the date of signing of these financial statements. The Group's going concern assessment takes into account its liquidity position, committed expenditure, and likely ongoing levels of costs. The Group produced three models;

- A base case scenario, aligned to the latest Group annual operating plan for 2022 as well as the Group's three year plan for 2023 and 2024;
- A severe but plausible downside scenario that assumes that the global economic environment is severely depressed over the assessment period; and
- A reverse stress test flexing sales to determine what circumstance would be required to breach borrowing covenants.

Members' Report (continued)

This assessment shows the Group has sufficient liquidity to discharge its liabilities as they fall due throughout the going concern period under all scenarios, assuming continued access to its revolving credit facilities. Access to these credit facilities is dependent on the Group operating within its financial covenants. Following the covenant relaxations granted during 2020 the group is required to maintain a ratio of net debt to EBITDA (pre IFRS 16) of less than 3.75x for all measurement points up to and including 31 December 2021 and less than 3.25x for all periods thereafter and a minimum net interest cover of 3.0x (in relation to earnings before net interest expense and tax). No breaches in the required covenant tests were reported during the year and under both the base, and severe but plausible downside, scenario the Group is expected to remain within its financial covenants throughout the going concern period and the conditions necessary for the reverse stress scenario to be applicable were deemed remote.

The Group Directors also considered factors likely to affect its future performance and development, the Group's financial position, current excess liquidity position, high level of cash conversion and the principal risks and uncertainties facing the Group, including the Group's exposure to credit, liquidity and market risk and the mechanisms for dealing with these risks. The Group's net debt position at the 2021 year end was $401.0m. It has access to a syndicated revolving credit facility of $375m, of which $71.6m has an expiry date of September 2024 and $303.4m has an expiry date of September 2025, and long term loan facilities of $200m and €172m which have an expiry date of September 2023. The Group had further borrowings available to it of over $350m at the year end.

In conclusion, after reviewing the base case, the severe but plausible downside scenario and considering the remote likelihood of the scenario in the reverse stress test occurring as well as having considered the uncertainty relating to global supply chain and the mitigating actions available, the Group have formed the judgement that, at the time of approving the consolidated financial statements, there are no material uncertainties that cast doubt on the Group's going concern status and that it is appropriate to prepare the consolidated accounts on the going concern basis.

The Members have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and will thus be able to stand behind the letter of support that it has provided to the LLP. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. There has been a loss of £0.9m in the current period and the LLP has net current assets of £1.3m (2020: net current assets £2.2m) to support the going concern assumption.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements (see note 1).

Members and members' interests

The members, who were also designated members as defined in the Limited Liability Partnerships Act 2000, throughout the year were:

Elementis UK Limited	99%
Elementis Holdings Limited	1%

It is the LLP's policy that the increase, reduction or withdrawal of members' capital, is decided upon by Members' Board Resolution. The members are entitled to share in the profits of the LLP in proportion to their interest in capital. Any profits of the LLP are paid out from time to time as the members agree. As required any losses of the partnership that necessitate refinancing of the LLP will be funded by the members based on their respective ownerships.

Financial instruments

The LLP does not enter into hedge transactions in respect of its operations undertaken in foreign currencies.

Members' Report (continued)

Charitable and political contributions

The LLP made no political or charitable contributions during the year (2020: none)

Disclosure of information to auditor

The members who held office at the date of approval of this members' report confirm that, so far as they are each aware, there is no relevant audit information of which the LLP's auditor is unaware: and each member has taken all steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the LLP's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Pursuant to Section 485 of the Companies Act 2006, the members have reappointed Deloitte LLP as statutory auditor.

Signed on behalf of the Members

A Dine
Authorised signatory

Date: 30th June 2022

Registered office:
Caroline House
55-57 High Holborn
London
WC1V 6DX

Statement of members' responsibilities

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

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". The financial statements are required by law to give a true and fair view of the state of affairs of the firm and of the profit or loss of the firm for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the firm will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the firm and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the firm's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

These responsibilities are exercised by the Board on behalf of the members.

Independent auditor's report to the members of Elementis Chromium LLP.

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Elementis Chromium LLP (the 'limited liability partnership'):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the of changes in equity; and
- the related notes 1 to 12.

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

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the members' 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 limited liability partnership'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 members with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of members
As explained more fully in the members' responsibilities statement, the members 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 members 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud
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 considered the nature of the limited liability partnership's industry and its control environment, and reviewed the limited liability partnership's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the limited liability partnership operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements . These included UK Companies Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the limited liability partnership's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Revenue recognition in relation to cut-off. Our procedures included:
  - Obtaining an understanding of the relevant controls over the revenue cut-off;
  - Reviewing and assessing the commercial arrangements, to determine the correct point of revenue recognition for different shipping arrangements and agreements with customers;
  - Selecting a sample of international shipments made pre-year end for time periods varying by destination port and therefore transit time for shipments and agreeing these to invoice, shipment and order details and goods receipt notes;
  - Assessing whether the current economic environment impacted by COVID-19 and logistics constraints have a specific impact on cut-off;
  - Engaging our data analytics team to assess the accuracy and formulae of management's cut-off calculations;
  - Challenging management's assumptions used in their cut-off calculation for reasonableness and consistency and substantively testing of international shipments both pre and post year-end; and

- Testing a sample of post year end credit notes raised to determine if revenue was inappropriately recognised in 2021.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the limited liability partnership financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

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

Lee Welham (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom
30 June 2022

Profit and loss account and other comprehensive income
For the year ended 31 December 2021

	Note	2021	2020
		£000	£000
Turnover	2	**11,262**	11,305
Cost of sales		**(11,802)**	(14,693)
Gross loss		**(540)**	(3,388)
Administrative expenses	3	**(261)**	(324)
Operating loss		**(801)**	(3,712)
Interest payable and similar charges	4	**(127)**	(188)
Loss before taxation		**(928)**	(3,900)
Tax on loss	5	**-**	-
Loss for the financial year before members' remuneration and profit shares	10	**(928)**	(3,900)
Member's remuneration charged as an expense		**-**	-
Loss for the financial year available for discretionary division among members		**(928)**	(3,900)
Total comprehensive loss for the year		**(928)**	(3,900)

All amounts above relate to continuing operations.

The notes on pages 12 to 19 form part of these financial statements.

Balance sheet as at 31st December 2021

	Note	2021 £000	2020 £000
Intangible assets	6	**221**	215
		221	215
Current assets			
Stocks	7	**541**	2,651
Debtors (including amounts due from members of £15,050k) *(2020: £16,279k)*	8	**16,079**	17,682
		16,620	20,333
Creditors – Amounts falling due within one year	9	**(15,310)**	(18.089)
Net current assets		**1,310**	2,244
Total assets less current liabilities		**1,531**	2,459
Net assets attributable to members		**1,531**	2,459
Represented by:			
Members' capital	10	**59,935**	59,935
Other reserves	10	**(58,404)**	(57,476)
Members' equity interests	10	**1,531**	2,459
Total members' interests			
Amounts due from members	8	**(15,050)**	(16,279)
Loans and other debts due to members	9	**14,274**	14,258
Members' equity interests	10	**1,531**	2,459
		755	438

The financial statements on pages 9-19 were approved by the board of members on 30 June 2022 and were signed on its behalf by:
Aaron Dine

Authorised signatory
Partnership number: OC303465

Statement of changes in equity

	Members' capital £000	Other reserves £000	Equity Total £000
Balance as at 1 January 2020	59,935	(53,576)	6,359
Comprehensive income:			
Loss for the financial year	-	(3,900)	(3,900)
Balance at 31 December 2020	**59,935**	**(57,476)**	**2,459**
Comprehensive income:			
Loss for the financial year	-	(928)	(928)
Balance at 31 December 2021	**59,935**	**(58,404)**	**1,531**

The notes on pages 12 to 19 form part of these financial statements.

Notes to the financial statements
for the year ended 31st December 2021

1 Accounting policies

Elementis Chromium Limited Liability Partnership is an LLP incorporated and domiciled in the UK and registered in England & Wales. The nature of Elementis Chromium Limited Liability Partnership's operation and its principal activity are set out in strategic report on page 2.

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

In preparing these financial statements, the Partnership applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Partnership has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Presentation of the Cash Flow Statement and related notes;
- Disclosures in respect of the compensation of key management personnel;
- Disclosures in respect of related party transactions;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective IFRSs.

As a qualifying entity whose results are consolidated into the Elementis plc consolidated financial statements which include the equivalent disclosures, the Partnership has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The LLP's ultimate parent undertaking, Elementis plc includes the LLP in its consolidated financial statements. The consolidated financial statements of Elementis plc are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and are available to the public and may be obtained from the address as disclosed in note 12.

Measurement convention

The financial statements are prepared under the historical cost convention.

Going concern

The members are satisfied that the work performed by the group, as detailed below, on Elementis plc on the going concern is adequate and demonstrated the ability that they would be able to provide the necessary financial support to the LLP for the foreseeable future.

The ability to meet its obligations as they fall due is dependent on the ultimate parent company providing financial support during the period of assessment. A letter of support has therefore been

Notes to the financial statements

for the year ended 31st December 2021

1 Accounting policies (continued)

provided by Elementis plc, which states it will provide the necessary financial support to ensure that this company is able to operate as a going concern for at least twelve months from the date of signing of these financial statements.

The Group's going concern assessment covers at least the 12 months period from the date of signing of these financial statements. The Group's going concern assessment takes into account its liquidity position, committed expenditure, and likely ongoing levels of costs. The Group produced three models:

- A base case scenario, aligned to the latest Group annual operating plan for 2022 as well as the Group's three year plan for 2023 and 2024;
- A severe but plausible downside scenario that assumes that the global economic environment is severely depressed over the assessment period; and
- A reverse stress test flexing sales to determine what circumstance would be required to breach borrowing covenants.

This assessment shows the Group has sufficient liquidity to discharge its liabilities as they fall due throughout the going concern period under all scenarios, assuming continued access to its revolving credit facilities. Access to these credit facilities is dependent on the Group operating within its financial covenants. Following the covenant relaxations granted during 2020 the group is required to maintain a ratio of net debt to EBITDA (pre IFRS 16) of less than 3.75x for all measurement points up to and including 31 December 2021 and less than 3.25x for all periods thereafter and a minimum net interest cover of 3.0x (in relation to earnings before net interest expense and tax). No breaches in the required covenant tests were reported during the year and under both the base, and severe but plausible downside, scenario the Group is expected to remain within its financial covenants throughout the going concern period and the conditions necessary for the reverse stress scenario to be applicable were deemed remote.

The Directors also considered factors likely to affect its future performance and development, the Group's financial position, current excess liquidity position, high level of cash conversion and the principal risks and uncertainties facing the Group, including the Group's exposure to credit, liquidity and market risk and the mechanisms for dealing with these risks. The Group's net debt position at the 2021 year end was $401.0m. It has access to a syndicated revolving credit facility of $375m, of which $71.6m has an expiry date of September 2024 and $303.4m has an expiry date of September 2025, and long term loan facilities of $200m and €172m which have an expiry date of September 2023. The Group had further borrowings available to it of over $350m at the year end.

In conclusion, after reviewing the base case, the severe but plausible downside scenario and considering the remote likelihood of the scenario in the reverse stress test occurring as well as having considered the uncertainty relating to global supply chain and the mitigating actions available, the Group have formed the judgement that, at the time of approving the consolidated financial statements, there are no material uncertainties that cast doubt on the Group's going concern status and that it is appropriate to prepare the consolidated accounts on the going concern basis.

The Members have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and will thus be able to stand behind the letter of support that it has provided to the LLP. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. There has been a loss of £0.9m in the current period and the LLP has net current assets of £1.3m (2020: net current assets £2.2m) to support the going concern assumption.

Classification of financial instruments issued by the Partnership

Following the adoption of IAS 32, financial instruments issued by the Partnership are treated as equity only to the extent that they meet the following two conditions:

Notes to the financial statements

for the year ended 31st December 2021

1 Accounting policies (continued)

(a) they include no contractual obligations upon the Partnership to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Partnership; and

(b) where the instrument will or may be settled in the Partnership's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Partnership's own equity instruments or is a derivative that will be settled by the Partnership exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Partnership's own capital, the amounts presented in these financial statements for members capital account exclude amounts in relation to these.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on a combination of first-in first-out and weighted average principles and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Intangible fixed assets

Intangible fixed assets are external registration costs associated with REACh (Registration, Evaluation and Authorisation of Chemicals in the UK). These costs are capitalised and amortised over 7 years on a straight line basis. Internal costs relating to REACh are expensed as incurred.

Revenue

In making its judgement, the Members have considered the detailed criteria for the recognition of revenue from the sale of goods set out in IFRS 15 Revenue and, in particular, whether the Group had transferred the significant risks and rewards of ownership of the goods. Following further assessment of the terms of shipment, the Members have concluded that international shipments should not be recognised within revenue until they reach the destination port, as they believe that this more accurately reflects the commercial substance of the transaction.

Turnover is based on the invoiced value of the sale of goods and services. It includes sales to other Elementis group undertakings, but excludes VAT and similar sales based taxes.

Notes to the financial statements
for the year ended 31st December 2021

1 Accounting policies (continued)

Interest receivable and interest payable

Interest payable and similar charges include interest payable and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Foreign currencies transactions

Transactions in foreign currencies are recorded at the rates of exchange ruling at the date of the translation. Foreign currency assets and liabilities are translated into sterling at the exchange rates ruling at the relevant balance sheet date and the gains or losses on translation are included in the profit and loss account.

Members' remuneration

Divisions of profit are reported as equity appropriations when they occur.

Critical accounting judgements and key sources of estimation uncertainty

When applying the Partnership's accounting policies, management must make a number of key judgements on the application of applicable accounting standards and estimates and assumptions concerning the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and judgements are based on factors considered to be relevant, including historical experience, which may differ significantly from the actual outcome. The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the amounts recognised in the financial statements are discussed below.

Notes to the financial statements
for the year ended 31st December 2021

1 Accounting policies (continued)

Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the management have made in the process of applying the Partnership's accounting policies and that have the most significant effect on the amounts recognised in the financial statements

a) Revenue recognition

Judgement is exercised over how to determine the timing of revenue recognition for orders where the agreed terms are delivery to the destination point. Management has compiled shipping estimates based on the destination country which are used to inform the timing of revenue recognition. In compiling these estimates management have used past experience and carrier standard shipping estimates to inform their decision making.

Turnover is based on the invoiced value of the sale of goods and services. It includes sales to other Elementis group undertakings, but excludes VAT and similar sales based taxes.

Key sources of estimation uncertainty

There are no key sources of estimation uncertainty.

2 Analysis of turnover

Analysis of turnover by geographical markets:	**2021**	2020
	£000	£000
Europe	11,262	11,305
	11,262	11,305

3 Administrative expenses and auditors remuneration

The partnership has no employees.

Auditor's remuneration and expenses are borne by Elementis Holdings Limited, an intermediate parent undertaking.

Notes to the financial statements
for the year ended 31st December 2021

4 Interest payable and similar charges

	2021	2020
	£000	£000
Interest payable in respect of amounts owed to group undertakings	127	188
	127	188

5 Taxation

The LLP does not pay tax. Taxation on LLP profits is the liability of individual members.

6 Intangible assets

	Total
	£000
At 1 January 2020	167
Additions	64
Amortisation Charge	(16)
At 1 January 2021	**215**
Additions	22
Amortisation Charge	(16)
At 31 December 2021	**221**

There were £22k of additions in the year relating to REACh costs which have been capitalised. REACh is the regulation for the Registration, Evaluation and Authorisation of Chemicals in the UK.

Notes to the financial statements
for the year ended 31st December 2021

7 Stocks

	2021	2020
	£000	£000
Finished goods in transit	541	2,651

Finished goods in transit represent goods provided from our sister company in the US which are on route to our European customers and to which title has not passed as at 31 December 2021.

8 Debtors

	2021	2020
	£000	£000
Trade debtors	264	946
Prepayments and accrued income	45	8
Amounts owed by members	15,050	16,279
Other debtors	720	449
	16,079	17,682

9 Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Trade creditors	180	108
Amounts owed to members	14,274	14,258
Amounts owed to other group undertakings	631	3,723
Other creditors	225	-
	15,310	18,089

In the event of a winding up, amounts owed to members would be ranked equally with amounts owed to other creditors.

Notes to the financial statements
for the year ended 31st December 2021

10 Equity and members' other interests

	Members' capital £000	Other reserves £000	Equity Total £000	Loans and other debts due to/(from) members £000	Total £000
Balance at 1 January 2021	59,935	(57,476)	2,459	(2,021)	438
Loss for the financial year	-	(928)	(928)	-	(928)
Other movements	-	-	-	1,245	1,245
Balance at 31 December 2021	**59,935**	**(58,404)**	**1,531**	**(776)**	**755**

11 Events after the balance sheet date

There were no significant events after the balance sheet date.

12 Parent and ultimate parent undertakings

The Partnership's ultimate parent undertaking and controlling party is Elementis plc. The LLP's immediate parent undertaking is Elementis UK Limited.

Elementis plc was the smallest and largest group to consolidate the financial statements of the Partnership. Copies of the consolidated financial statements of Elementis plc may be obtained from Caroline House, 55 - 57 High Holborn, London, WC1V 6DX.