

CRODA (CPI) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



COMPANY INFORMATION

Directors	Mr T M Brophy Mrs D S Hill
Company secretary	Mr T M Brophy
Registered number	961
Registered office	c/o Cutitronics Limited Torus Building, Rankine Avenue Scottish Enterprise Technology Park East Kilbride Scotland G75 0QF
Independent auditor	KPMG LLP Chartered Accountants 1 Sovereign Square Sovereign Street Leeds West Yorkshire LS1 4DA
Country of incorporation	United Kingdom, Scotland
Domiciled	United Kingdom, Scotland
Legal form	Private company limited by shares

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Introduction

The Directors present their strategic report of the Company for the year ended 31 December 2019.

The principal activity of the Company is the holding of investments in subsidiary undertakings.

Business review

The Company did not trade during the year or the preceding year and is unlikely to resume trading in the foreseeable future. The profit in 2019 relates to dividends received during the year. There was also no other comprehensive income or expense during either financial year.

During the year a dividend of £2,532,000 (2018: £Nil) was paid. The Directors do not propose a final dividend (2018: £Nil).

Principal risks and uncertainties

From the perspective of the Company, the principal risk relates to the non-payment of amounts owed by group undertakings (note 8).

Financial key performance indicators

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

This report was approved by the board on 20 July 2020 and signed on its behalf.



Mrs D S Hill
Director

CRODA (CPI) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The profit for the year, after taxation, amounted to £2,532,000 (2018: £Nil).

During the year a dividend of £2,532,000 (2018: £Nil) was paid. The Directors do not propose a final dividend (2018: £Nil).

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Mr T M Brophy
Mrs D S Hill

Directors are granted an indemnity from the Company in respect of liabilities incurred as a result of their positions to the extent permitted by law. These indemnities are qualifying third party indemnities (as defined in section 234 of the Companies Act 2006) and were in force during the financial year and at the date of approval of the financial statements. In addition, the Company maintained Directors' and Officers' liability insurance cover throughout the year.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Disclosure of information to auditor

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

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

This report was approved by the board on 20 July 2020 and signed on its behalf.



Mrs D S Hill
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRODA (CPI) LIMITED

Opinion

We have audited the financial statements of Croda (CPI) Limited ("the Company") for the year ended 31 December 2019, which comprise the profit and loss account, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards, including FRS 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Strategic report and directors' report

The Directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon. Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRODA (CPI) LIMITED

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Chris Hearld (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

1 Sovereign Square
Sovereign Street
Leeds
West Yorkshire
LS1 4DA

24 July 2020

CRODA (CPI) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Income from shares in group undertakings		2,659	-
Profit before taxation		2,659	-
Tax on profit	5	(127)	-
Profit for the financial year		2,532	-

There were no recognised gains and losses for 2019 or 2018 other than those included in the profit and loss account.

The notes on pages 9 to 12 form part of these financial statements.

CRODA (CPI) LIMITED
REGISTERED NUMBER: 961

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Fixed assets			
Investments	7	115	115
Current assets			
Debtors: amounts falling due after one year	8	6,298	6,298
Creditors: amounts falling due within one year	9	(4,413)	(4,413)
Net current assets		<u>1,885</u>	<u>1,885</u>
Net assets		<u>2,000</u>	<u>2,000</u>
Capital and reserves			
Called up share capital	10	<u>2,000</u>	<u>2,000</u>
Total shareholders' funds		<u>2,000</u>	<u>2,000</u>

The financial statements on pages 6 to 12 were approved and authorised for issue by the board and were signed on its behalf on 20 July 2020.



Mrs D S Hill
Director

The notes on pages 9 to 12 form part of these financial statements.

CRODA (CPI) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Profit and loss account	Total shareholders' funds
	£000	£000	£000
At 1 January 2019	2,000	-	2,000
Profit for the year	-	2,532	2,532
Contributions by and distributions to owners			
Dividends: Equity capital	-	(2,532)	(2,532)
At 31 December 2019	2,000	-	2,000

The notes on pages 9 to 12 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Total shareholders' funds
	£000	£000
At 1 January 2018	2,000	2,000
At 31 December 2018	2,000	2,000

The notes on pages 9 to 12 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year. Details of new standards, amendments and interpretations can be viewed on page 116 of the Group's Annual Report and Accounts.

The Company is a wholly owned subsidiary of Croda International Plc and is included in the consolidated financial statements of Croda International Plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

1.1 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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

1.3 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.4 Financial risk factors

The Group accounting policy for financial risk factors is also relevant to the preparation of the Company financial statements and is disclosed on pages 141 and 142 of the Group's Annual Report and Accounts.

1.5 Going concern

The financial statements have been prepared on a going concern basis as, after making appropriate enquiries, including a review of forecasts, budgets and banking facilities, the Directors have a reasonable expectation that the Company has adequate resources to continue in existence.

CRODA (CPI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting estimates and judgements

The significant accounting policies of the Croda International Plc Group have been set by management with the approval of the Audit Committee. The application of these policies requires estimates and assumptions to be made concerning the future and judgements to be made on the applicability of policies to particular situations. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Under IFRS an estimate or judgement may be considered critical if it involves matters that are highly uncertain or where different estimation methods could reasonably have been used, or if changes in the estimate that would have a material impact on the Group's results are likely to occur from period to period.

These judgements can be viewed on page 115 of the Group's Annual Report and Accounts, however none are relevant to the preparation of the financial statements for Croda (CPI) Limited.

3. Auditor's remuneration

The audit fee for the year of £1,000 (2018: £1,000) was borne by the ultimate parent company, Croda International Plc.

4. Employees

The Company has no employees (2018: None) other than Directors, who did not receive any remuneration in respect of their services (2018: £Nil).

5. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on profits for the year	127	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018: the same as) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £000	2018 £000
Profit/result before tax	2,659	-
Profit/result multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	505	-
Effects of:		
Non-taxable income	(378)	-
Total tax charge for the year	127	-

CRODA (CPI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

5. Taxation (continued)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

6. Dividends

	2019 £000	2018 £000
Dividend paid on ordinary shares of £1.266 (2018: £Nil) per share	<u>2,532</u>	<u>-</u>

7. Investments

	Investments in subsidiary companies £000
Cost and net book value	
At 1 January 2019	115
Additions	-
At 31 December 2019	<u>115</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Croda (SA) (Pty) Ltd *	Clearwater Estate, Office Park, Block G, Corner of Atlas & Park Road, Parkhaven Ext 8, Boksburg 1459, South Africa	Sale and distribution of speciality chemicals	Ordinary	100%
Croda Chemicals Zimbabwe Pvt Ltd *	4a Knightsbridge Crescent, Highlands, Harare, Zimbabwe	Dormant	Ordinary	100%
Croda Zimbabwe (Pvt) Ltd	4a Knightsbridge Crescent, Highlands, Harare, Zimbabwe	Dormant	Ordinary	100%

CRODA (CPI) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

8. Debtors

	2019 £000	2018 £000
Amounts owed by group undertakings	<u>6,298</u>	<u>6,298</u>

Amounts owed by group undertakings are unsecured, non-interest bearing and have no fixed terms of repayment. It is not expected that this amount will be collected within 12 months.

9. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Amounts owed to group undertakings	<u>4,413</u>	<u>4,413</u>

Amounts owed to group undertakings are unsecured, non-interest bearing and have no fixed terms of repayment.

10. Called up share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
8,000,000 (2018 - 8,000,000) Ordinary shares of £0.25 each	<u>2,000</u>	<u>2,000</u>

11. Related party transactions

The Company has taken advantage of the exemption available under FRS 101 from disclosing transactions with other Group undertakings. There were no other related party transactions during the year.

12. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Croda International Plc, a company registered in England. Croda International Plc Group is the largest and smallest group of which the Company is a member and for which consolidated financial statements are prepared. Copies of the Group financial statements can be obtained from the Company Secretary at the registered office of the Company detailed on the Company information page.