Annual Report and Consolidated Financial Statements

For the year ended 31 December 2022

Tato Holdings Limited

Registered No. 03258156

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COMPANY INFORMATION

Directors	D A Hewitt (British) P Hahn (German) G De Lucia (Italian) Q Zheng (Chinese) R Baum (German) D Siroky (American) (Appointed 14.11.2022) P McDonald (British) (Appointed 14.11.2022) I Lobley (British) – Non-Executive Director K Howes (British) – Non-Executive Director
Registered Office	Wincham Avenue Wincham Northwich Cheshire CW9 6GB
Auditors	Mazars LLP One St Peter's Square Manchester M2 3DE
Secretary	S Pearson

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their strategic report for Tato Holdings Limited and its subsidiaries (collectively the "Group") for the year ended 31 December 2022.

REVIEW AND ANALYSIS OF THE BUSINESS DURING THE CURRENT YEAR

The Group has delivered another year of consecutive top line growth in 2022. We grew our revenues by 14.4% on last year, our biggest year on year growth since 2011. The drivers behind our growth were higher prices, as we strove to manage the impact of unprecedent levels of increase in raw material prices, and a richer mix of products sold. The business managed to retain the extra market share which it gained in 2021, but volumes for the market as a whole fell in 2022, following a couple of years of high levels of COVID-fuelled demand in the biocide and disinfection businesses.

2022 proved to be another year in which the uncertain and changing market dynamics required strong management across all levels of the organisation and a workforce more able to adapt than ever to changing customer demand and a changing supply chain landscape.

It has been very pleasing to see how the business and team have been able to react to the many unforeseen challenges to our global supply chain and demand footprint in 2022. Whilst most of the western world emerged from COVID restrictions during early 2022, putting extraordinary pressure on global supply chains, China continued to be heavily restricted, which in turn placed even greater pressure on supply chains. The invasion of Ukraine by Russia, the shortage of shipping containers and disruption to supply chains, the concerns around energy supply and subsequent energy price inflation and other macro-economic headwinds over the course of the year have all contributed to a very challenging year for the business.

Raw material price inflation has been a focus for us in 2022. The high levels of global economic demand led to a shortage of raw material availability and a significant increase in raw material costs. We have managed this period well and been able to navigate the uncertain market conditions whilst delivering a robust margin performance across all of our strategic business units.

2022 was certainly a year of two halves and by the second half of the year, supply chains and price inflation had both started to ease, but demand across many of our end markets was falling as consumers adjusted to the cost of living crisis. This combination of lower volumes and peak raw material pricing levels in the second half year impacted business profitability across the Group, resulting in a reduction in Gross Margin percentage and EBITDA percentage vs previous year.

2022 was also a year in which the business invested heavily across all main manufacturing facilities, investments which will give us greater control over our supply chain and a broader regional manufacturing presence. These investments will deliver volume growth across all of our regions in 2022 and beyond.

The Group continues to have a strong business model based around innovation, quality and high levels of customer and technical service and it is this core that has seen us through another challenging year and continues our journey of long-term sustainable growth. Continuing this journey is a testament to the hard work and commitment of every single employee and I would like to thank everyone for their dedication, resilience and ongoing passion to keep delivering for our customers.

Key performance indicators
The directors consider the significant financial key performance indicators for the Group to be as follows:

		2022	**2021**
Activity indicators:	Organic Growth - Turnover	+14%	+5%
	Organic Growth – Volumes	-7%	+3%

Margin indicators:	Gross Margin	32.9%	36.4%
	EBITDA indicators	20.4%	24.3%
Working Capital indicators:	Average stock days	By entity only	
	Average debtors days	By entity only	

Development and financial performance during the year

The Group increased turnover by 14.4% in the year to €688,906,000 (*2021: €601,935,000*). This growth in sales was delivered primarily through a combination of sales price increases and a better mix as regulation and innovation moved our customers towards higher value-added solutions.

We continued our customer focussed strategy of holding higher levels of strategic stock as we continue to invest in customer service, and this served us and our customers well in 2022, allowing us to meet varying customer demand patterns.

The drop off in market conditions in the second half year was so great that it led to a 7% year-on-year decline in volumes primarily across the Industrial Biocides and Performance Chemicals businesses. The Group took the decision to stop supplying the Russian market from Q1 2022, and this and the Russian invasion of Ukraine resulted in lower volumes to Eastern Europe. Other reasons for the decrease in volumes were a reduction in market demand attributed to customer concern over inflationary pressures and uncertainty around energy supply and prices and continued COVID restrictions in China, compounded by a property market crash in early 2022. The Group's continued growth into the North American market helped to offset some of this volume decrease.

Turnover also benefitted from currency translation gains in the year upon consolidation, mainly due to the strengthening of the USD and CNY against the Euro. The combined effect of using 2022 exchange rates compared to 2021 rates was to increase turnover by €27,492,000 or 4.6%.

Gross Margin percentage in the year was 32.9% (*2021: 36.4%*), however the absolute level of Gross Profit was up by 3% and the Gross Profit per kilogramme sold was up across every business unit. The Gross Margin percentage was adversely affected by unprecedented levels of raw material cost increases, as the group chose proactively to strengthen existing customer relationships, gain new customers and increase market share by absorbing lower margins and continuing to supply the market.

Sales and distribution costs rose from last year, reflecting additional headcount, wage inflation and increases in the price of freight and logistics services. Much of the increase in headcount across the commercial organisation was to support future growth.

The increase in administrative expenses was principally due to inflationary pressures, particularly wage inflation, the filling of vacancies held open since the pandemic and a return to pre-Covid levels of travel and business activity.

Similar to turnover, the movements in the exchange rates during the year for the currencies used in consolidation increased sales and distribution costs by €2,326,000 and administration expenses by €1,759,000 over what they would have been if the rates had remained the same as 2021.

The combined effect of the above means that EBITDA for the year was 20.4% (*2021:* 24.3*%*) and the group profit before tax decreased to €123,452,000 (*2021: €*130,275,000).

For 2022 the underlying tax rate was 24.8% (*2021:* 29.9*%*). This reduction is due to €3,341,000 less deferred tax in 2022 (Note 9) and the geographical split of profit for the year.

The profit for the year after taxation was €92,835,000 (*2021: €*91,369,000). A dividend of €3.00 per share was paid in both March 2022 and December 2022 (*2021: €2.34 per share in February 2021, €1.50 per share in June 2021 and €1.50 per share in October 2021*), giving a total of €62,280,000 for the year *(2021:*

€55,429,000*)*. The Group experienced currency translation gains of €4,694,000 (*2021: €*16,137,000) on the consolidation of its non-Euro denominated subsidiary companies because of the exchange rate movements against the Euro between the beginning and the end of the year. The balance of retained profit totalling €34,021,000 (*2021: €*51,171,000) was transferred to reserves.

Working capital measures are focussed mainly around inventories and debtors where measurement is based on average stock and debtor days and monitored on an entity-by-entity level.

Financial position at the reporting date
The consolidated balance sheet shows that the Group's net assets at the year-end have increased from €596,409,000 to €630,430,000. The Group's stockholding increased to €219,897,000 (*2021: €*162,537,000) as a result of high raw material costs and a policy to hold high levels of strategic stock to ensure continuity of supply to customers during a period of market uncertainty.

This business generated €43,450,000 less cash in 2022 (€89,620,000) than in 2021(€133,070,000) as we took extraordinary measures to protect our customers by holding higher levels of stock, despite the higher cost price. The business also remained true to our long-term strategy and increased capital investment to pre-COVID pandemic levels. From existing cash resources, the Group invested €29,525,000 (*2021*: *€*22,633,000) in fixed assets to expand capacity to meet future demand and improve processes. The Group also paid dividends of €62,280,000 (*2021: €* 55,429,000) to its shareholders, up 12% on previous year.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

Management continually monitors the key risks facing the Group together with assessing the controls used for managing these risks.

The principal risks and uncertainties facing the Group are as follows:

- Global economic conditions – macro-economic uncertainty and geo-political instability represent a key risk to the sales and profitability of the Group. The Group acknowledges the importance of maintaining close relationships with its customers, continually innovating and delivering best in class quality and service. The prospects for the Group as a whole remain positive because of this, as it seeks to improve efficiencies without compromising the high levels of service to customers.

- Regulatory controls – many of the products manufactured by the Group are covered by strict regulatory and registration regimes, such as the BPR and REACH. The costs and capital expenditures relating to regulatory and registration matters are subject to evolving requirements and changes in regulations could require extra work or capital expenditure. Consequently, regulatory matters could result in un-anticipated costs or liabilities. The Group works to ensure that it complies with all applicable environmental, regulatory, employment and health and safety legislation and communicates any relevant matters to appropriate staff to ensure risk is minimised.

- Competitor pressure – the Group sells its range of products in a competitive, global environment, and competes worldwide for sales on the basis of product quality, price, technology and customer service. Increased levels of competition could result in lower prices or sales volume, which could have a negative impact on the Group's results. The Group manages this risk by innovating and providing quality products that meet the customer's needs and by providing excellent levels of technical service.

- Chemical safety – concerns regarding the safe use of chemicals in commerce and their potential impact on health and the environment reflect a growing trend in demands for increasing levels of product safety and environmental protection, resulting in more restrictive regulations and legislation. These concerns could also influence public perceptions on the desirability of certain products in the market. As governments continue to propose new regulations relating to chemical safety, the security of chemical plant locations and the transportation of hazardous chemicals could result in increased costs and capital expenditure for the Group.

- Cyber security – A significant failure or interruption in our IT networks and systems could have a detrimental impact on our business. Cyber-attacks could result in disruption of service to our customers or data theft. A failure to appropriately process, store or share information could result in the loss of intellectual property, or the theft of data. We continue to review and invest where appropriate in the development and maintenance of our IT infrastructure, systems and processes and information security. We operate a firewall and antivirus software, monitor any attempted breaches and take action where necessary to ensure our infrastructure remains robust and appropriate.

- Raw material availability and supply chain disruption – operating within a Global supply chain, we have a reliance on our supply chain partners to manufacture and deliver to our production requirements. We continually monitor and have dialogue with these partners, seek out stable long term supply agreements and approve multiple supply partners where possible.

THE ENVIRONMENT

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities.

The Group is required to report under the Streamlined Energy and Carbon Reporting (SECR) requirements for its UK operations. This reporting framework extends the scope of mandatory carbon reporting which is enforced through the Companies (Director's Report). The Group fully endorses the principles of the regulations and so has decided to extend them to cover the Group as a whole. The table below therefore outlines the data for the Group and the UK during 2022. The figures for manufacturing and non-manufacturing sites have been separated to provide greater transparency.

	Group	**Group**	**UK**	**Group**	**Group**	**UK**
	2022	**2022**	**2022**	**2021**	**2021**	**2021**
Scope 1 Emissions						
Gas (tCO_2e) – Manufacturing sites	8,220.01		1,588.49	8,272.29		1,581.88
Gas (tCO_2e) – Non-Manufacturing sites	62.27			76.29		
		8,282.28			8,348.58	
Travel (tCO_2e)		518.77	20.82		438.97	5.36
Scope 2 Emissions						
Electricity (tCO_2e) – Manufacturing sites	6,855.90		834.43	7,469.12		901.03
Electricity (tCO_2e) – Non-Manufacturing sites	197.52			216.62		
		7,053.42			7,685.74	
Total Scope 1 & 2 Emissions		**15,854.46**	**2443.74**		**16,473.29**	**2,488.27**
Energy Consumption used to calculate above emissions						
Scope 1 Emissions						
Gas (kWh) – Manufacturing sites	45,031,290		8,702,152	45,164,309		8,636,597
Gas (kWh) – Non-Manufacturing sites	341,122			416,538		

		45,372,412			45,580,847	
Travel (litres diesel)		56,913	2,584		54,886	76
Travel (litres petrol)		170,062	6,494		134,663	2,323
Travel (kWh)		28,680	907		26,830	339
Scope 2 Emissions						
Electricity (kWh) – Manufacturing sites	35,452,972		4,315,000	35,176,934		4,243,540
Electricity (kWh) – Non-Manufacturing sites	1,021,411			1,020,191		
		36,474,383			36,197,125	

Intensity ratio; tCO_2 (gross Scope 1 + 2) / Intensity Factor						
Energy – Manufacturing sites ($KgCO_2e$ / Shipped production tonne)		**94.558**	**217.693**		**89.963**	**184.337**
Energy – Non-Manufacturing sites ($KgCO_2e$ / Floor area)		**11.835**			**13.665**	
Travel ($KgCO_2e$ / Mile)		**0.282**	**0.343**		**0.255**	**0.281**
Shipped production tonnes used above		159,435	11,130		174,976	13,469

Methodology applied to above figures

The reported Gas and Electricity and travel data is taken from the Group's internal reporting system. Electricity consumption is on a location-based basis. The carbon emission factors are taken from the UK Government GHG Conversion Factors for Company Reporting data for 2022.

The Group prioritise investments which are designed to improve Health and Safety, or reduce our carbon footprint. In 2022 we invested in solar panels at our Spanish site with a view to extending the roll out to other sites. The group has also committed to ensuring that its fleet of Motor Vehicles will move to PHEV's or full electric within the next 4 years.

Sustainability is becoming an increasing strategic priority for our business and is now influencing both how we develop as a business as well as our product portfolio.
Climate change, biodiversity and inequality are now having an increased influence in consumer choice and will provide opportunities for us to help our customers satisfy these changing consumer demands.

BOARD OF DIRECTORS

David Siroky was appointed to the Board in November 2022 as Chief Operating Officer for the Americas region.

Philip McDonald was appointed to the Board in November 2022 as Group Chief Financial Officer.

AUDIT COMMITTEE

The Audit Committee, consisting of David Hewitt, Simon Pearson, Ian Lobley and Kevin Howes, met during the year to provide additional rigour to the Group's reporting procedures.

The purpose of the committee is to oversee the financial reporting process and monitor the integrity of the Group's financial statements. It ensures the appropriateness of the accounting policies and any changes to these and advises the Board on whether the Annual Report preparation process is balanced and understandable and provides the required information for stakeholders to assess the Group's position and performance.

SECTION 172(1) STATEMENT

The Board of Directors are fully aware of their roles and responsibilities within the organisation and must always act in ways that add sustainable long-term value to our business for the benefit of all our stakeholders. The principal responsibilities of the Board are to lead the Group's strategic purpose from Commercial, Financial, Technological and Sustainable perspectives and ensure that the Group's culture is fully aligned with these.

They will monitor the Group's performance in delivering its strategy, ensuring that the required resources are in place for the Group to meet its objectives, analyse the trends and assess the opportunities and risks that they may present. They will establish a framework of prudent controls that enable these risks to be managed and engage with all stakeholders to ensure that their views and concerns are considered.

This will be achieved by carrying out a rolling agenda which will cover both past performance and thinking for the future and will be reviewed against several specific KPI's that are not just linked to financial performance such as sales, profit, and working capital ratios but are correlated with our strategic vision that includes environmental, community impact and governance aspects.

This process will be carried out by validation and engagement with all of the key drivers within our business model; customers, employees, shareholders, suppliers, investment decisions, CSR Policy and corporate governance.

During the year the Group rolled out on-line training relating to Bribery and Corruption and specific training on the Code of Conduct. The Code is aimed at ensuring our message of Trust, Honesty, Optimism, Respect is communicated and provides guidance on the standards of integrity and ethics expected by us to better enable the future development of our business.

As expectations continue to increase about the role of business in society it is important that the Board hears first hand from stakeholders about their perceptions of our performance and the opportunities and challenges that lie ahead:

- regular updates are provided to our major shareholder base through their attendance at Main Board meetings with discussions focused on strategic planning, sustainability and corporate governance. This will continue throughout the coming year with additional emphasis placed on the environment, climate change and community impact. This enables a flow of communication in both directions so that the shareholders are able to express their wishes for the Group and the Board can explain the strategy to achieve these wishes having regard to other stakeholders.
- There are two non-executive Directors appointed to the Board to provide additional oversight and expertise as the Group looks to continue its Global expansion plans.
- The Board creates excellent workplace environments to encourage staff retention and loyalty, this is borne out by low staff turnover and a high number of long serving employees.

The Board is highly appreciative of our employees and partners who have helped make 2022 another successful year for the Group. The Board appreciates that no business can have a sustainable meaningful impact on its own and partnership is a key philosophy within our business model. On many levels 2022 proved to be a an extremely challenging year but the commitment and dedication of our employees and the long-term partnerships built with our supply chain and our key customers enabled all parties to work through these challenges for mutual benefit.

As a result of our 2022 activities the Group will pay €29.1 million in current corporate taxes around the world assisting our host Governments to provide important services to their citizens and to pursue their economic objectives, and our direct economic contribution to the local communities in which we operate was €0.9 million.

There were no political donations made during the year.

During the year the Company paid out €62.3 million to its shareholders from its reserves. The Directors considered the impact of this distribution on the Company's long-term interests and its creditors in making this decision and concluded that the Company's solvency and interests were not prejudiced in any way given the Company's available cash and distributable reserves. The Company will continue to review its on-going dividend policy in line with its investment plans and business objectives.

We have learned from the period during the pandemic and understand the flexibility that some element of working from home affords to some families. We continue where possible to facilitate our employees working from home, with regular contact in place with management to ensure employee well-being.

With the backdrop of a very dynamic and changing business environment the Group has produced cashflow forecasts for full year 2023 and financial plans through to 2027, and with a strong balance sheet and continuing investment in high value growth, capability, employees and sustainability, the Group is well positioned to be resilient and thrive in a new world of complexity.

This report was approved by the board on May 25, 2023 and signed on its behalf by:

D A Hewitt
D A Hewitt (May 25, 2023 17:10 GMT+1)

D A Hewitt
Director

DIRECTORS' REPORT

The directors submit their annual report together with the audited financial statements of the Group for the year ended 31 December 2022.

Principal Activities
The Group's principal activity during the year was the manufacture and distribution of speciality chemicals.

Branch Offices
In addition to the subsidiary companies listed in Note 12 the Group also operates out of branch offices in New Zealand, Sweden and Turkey.

Financial Instruments
The Group's activities expose it to a number of financial risks including currency risk, credit risk and liquidity risk. The Group does not use derivative financial instruments for speculative purposes.

Currency risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group does not enter into any derivative instruments to manage this risk.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts shown in the balance sheet are net of allowances for doubtful receivables.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group utilises bank overdrafts and short-term loans when required.

Interest bearing assets are primarily held at fixed rates to ensure certainty of cash flows.

Dividends
Interim dividends of €62,280,000 (*2021: €55,429,000*) were paid during the year.

Events after the end of the reporting period
There are no material post-balance sheet events that need to be reported on.

Future Developments
The directors plan to develop the activities of the Group, taking into account the general economic conditions that are likely to exist in the coming year.

Directors
The directors who held office during the year were as follows:-
D A Hewitt
P Hahn
G De Lucia
Q Zheng
R Baum
D Siroky (Appointed 14 November 2022)
P McDonald (Appointed 14 November 2022)

I Lobley – Non-Executive Director
K Howes – Non-Executive Director

Qualifying indemnity insurance in relation to the above named directors is in force.

Research and Development
The Group is continuing to expand its laboratories and plant for use in research and development in order to develop and expand its product range.

Anti-bribery and corruption
It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and operating and enforcing effective systems to counter bribery and corruption.

Going Concern
Based on current financial resources and continuance of recent historic trading patterns, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, therefore they continue to adopt the going concern basis for accounting in preparing the annual financial statements.

The company has sufficient visibility over its next 12 month cash flows to be confident of being able to manage through the crystallisation of any realistic material trading risks allowing us to be assured in our going concern status. The company does not have a requirement to issue a specific viability statement however the Board have put in the building blocks of a risk register in 2022, supported by an Audit and Risk Committee. The business will continue to develop its “what if” scenario planning based around the identified risks and subsequent stress testing, but is confident in its ability to weather any storms of the coming 5 year period thanks to its strong debt-free balance sheet, record of cash generation and robust underlying business model. The Group produces a 5 year financial forecast which underpins this confidence.

Customer and Supplier Interests
The long-term ethos of the Group has always been to build strategic partnerships with customers and suppliers and they are viewed as a key building block in operating a sustainable business model. We understand that current global events have made day-to-day operations difficult and complex for many of our smaller customers and suppliers. We will always work with our customers to ensure they have payment terms which are typical of the business environment in which they operate but will always be understanding where additional short term support is required. As customer service is key for the Group, we also regularly hold high levels of strategic inventories to ensure that any supply chain disruption is kept to a minimum for our customer base. Similarly, with suppliers, we are a good payer and always strive to pay our invoices to terms. The benefits of this key philosophy were highlighted during 2022 when, despite considerable global raw material shortages, our key supply chain worked alongside us in minimising the impact of these shortages and our customers worked with us when demand dropped, to reduce the high levels of strategic stocks.

Environmental Responsibilities
The Group is required to report under the Streamlined Energy and Carbon Reporting (SECR) requirements for its UK operations. We fully endorse the principle of the requirements and consequently have extended the scope of the reporting to cover the whole Group. This reporting has been made in the Strategic Report above.

Statement as to Disclosure of Information to Auditors
The directors have taken all the necessary steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

As far as the directors are aware, there is no relevant audit information of which the Company’s auditors are unaware. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditors

Mazars LLP have expressed their willingness to continue in office and the Audit Committee has recommended to the Directors that they be re-appointed as such.

Approved by the board and issued on its behalf.

D A Hewitt
D A Hewitt (May 25, 2023 17:10 GMT+1)

D A Hewitt
Director
Date: May 25, 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law). 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 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 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, which 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TATO HOLDINGS LIMITED

Opinion

We have audited the financial statements of Tato Holdings Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, 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 FRS 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 2022 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The 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 auditor's 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TATO HOLDINGS LIMITED (Continued)

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

Responsibilities of Directors

As explained more fully in the statement of directors' responsibilities set out on page 12, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TATO HOLDINGS LIMITED (Continued)

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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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. Based on our understanding of the group and the parent company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: UK tax legislation, pensions legislation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TATO HOLDINGS LIMITED (Continued)

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 auditor's report.

Use of the audit 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 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.

Tim Hudson

Tim Hudson (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Mazars LLP, One St Peter's Square, Manchester M2 3DE

Date: May 31, 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2022

Continuing operations	Notes	€'000	2022 €'000	€'000	2021 €'000
Turnover	3		688,906		601,935
Cost of sales			(462,438)		(382,558)
Gross profit			226,468		219,377
Sales & distribution costs		(55,828)		(47,912)	
Administrative expenses		(49,416)		(42,669)	
			(105,244)		(90,581)
Other operating income			199		199
Operating profit	8		121,423		128,995
Interest receivable and similar income	6	2,176		1,398	
Interest payable and similar charges	7	(147)		(118)	
			2,029		1,280
Profit on ordinary activities before taxation			123,452		130,275
Tax on profit on ordinary activities	9		(30,617)		(38,906)
Profit for the year attributable to owners of the parent			92,835		91,369
Other comprehensive income: Currency translation differences on foreign operations	8		4,694		16,137
Actuarial losses in the year	20		(1,228)		(906)
Total comprehensive income for the year attributable to owners of the parent, net of tax			96,301		106,600

All results were derived from continuing operations.

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 not to present the Company profit or loss. The profit for the Company for the year was €39,253,000 (*2021:* €67,672,000).

The notes 1 to 23 are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Notes	€'000	2022 €'000	€'000	2021 €'000
Fixed Assets					
Intangible assets	10		3,384		4,083
Tangible assets	11		280,483		266,689
			283,867		270,772
Current Assets					
Stocks	13	219,897		162,537	
Debtors	14	125,771		124,416	
Cash at bank and in hand		89,620		133,070	
		435,288		420,023	
Creditors					
Amounts falling due within one year	15	(63,422)		(65,172)	
Net Current Assets			371,866		354,851
Total Assets less Current Liabilities			655,733		625,623
Creditors					
Amounts falling due after more than one year	16		(2,103)		(2,091)
Provision for Liabilities and Charges	17		(23,200)		(27,123)
Net Assets			630,430		596,409
Capital and Reserves					
Called up share capital	18		2,942		2,942
Share premium account			8		8
Capital redemption reserve			250		250
Merger relief reserve			30,210		30,210
Profit and loss account			597,020		562,999
Shareholders' Funds			630,430		596,409

The notes 1 to 23 are an integral part of these financial statements.

Approved by the board on May 24, 2023

P J McDonald
Director

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

	Notes	€'000	2022 €'000	€'000	2021 €'000
Fixed Assets					
Investments	12		216,925		220,141
Current Assets					
Debtors	14	5,348		3,628	
Cash at bank and in hand		22,286		56,847	
		27,634		60,475	
Creditors					
Amounts falling due within one year	15	(27)		(13,057)	
Net Current Assets			27,607		47,418
Total Assets less Current Liabilities			244,532		267,559
Capital and Reserves					
Called up share capital	18		2,942		2,942
Share premium account			8		8
Capital redemption reserve			250		250
Profit and loss account			241,332		264,359
Shareholders' Funds			244,532		267,559

The notes 1 to 23 are an integral part of these financial statements.

Approved by the board on May 24, 2023

P J McDonald
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2022

	Share Capital €'000	Share Premium Account €'000	Capital Redemption Reserve €'000	Merger Reserve €'000	Profit & Loss Account €'000	Total €'000
At 1 January 2021	2,942	8	250	30,210	511,828	545,238
Retained profit for the year	-	-	-	-	91,369	91,369
Other comprehensive income:						
Currency translation differences on foreign operations	-	-	-	-	16,137	16,137
Actuarial losses arising on defined benefit pension schemes	-	-	-	-	(906)	(906)
Dividends	-	-	-	-	(55,429)	(55,429)
At 31 December 2021	2,942	8	250	30,210	562,999	596,409
Retained profit for the year	-	-	-	-	92,835	92,835
Other comprehensive income:						
Currency translation differences on foreign operations	-	-	-	-	4,694	4,694
Actuarial losses arising on defined benefit pension schemes	-	-	-	-	(1,228)	(1,228)
Dividends	-	-	-	-	(62,280)	(62,280)
At 31 December 2022	2,942	8	250	30,210	597,020	630,430

Reserves

Share premium account – This reserve represents the amount above the nominal value received for issued share capital, less transaction costs.

Capital redemption reserve – This reserve represents the nominal value of the shares re-acquired by the Company for capital maintenance purposes.

Merger reserve – This reserve represents the application of merger accounting arising from previous group reorganisations.

Profit and loss account – This reserve represents the cumulative profits and losses recognised.

The notes 1 to 23 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2022

	Share Capital €'000	Share Premium Account €'000	Capital Redemption Reserve €'000	Profit & Loss Account €'000	Total €'000
At 1 January 2021	2,942	8	250	252,116	255,316
Retained profit for the year	-	-	-	67,672	67,672
Dividends	-	-	-	(55,429)	(55,429)
At 31 December 2021	2,942	8	250	264,359	267,559
Retained profit for the year	-	-	-	39,253	39,253
Dividends	-	-	-	(62,280)	(62,280)
At 31 December 2022	2,942	8	250	241,332	244,532

Reserves
Share premium account – This reserve represents the amount above the nominal value received for issued share capital, less transaction costs.

Capital redemption reserve – This reserve represents the nominal value of the shares re-acquired by the Company for capital maintenance purposes.

Profit and loss account – This reserve represents the cumulative profits and losses recognised.

The notes 1 to 23 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2022

	Notes	€’000	2022 €’000	€’000	2021 €’000
Cash flows from operating activities					
Operating profit		121,423		128,995	
Adjustments for:					
Depreciation of tangible assets		17,892		16,466	
Profit on disposal of tangible assets		(444)		(53)	
Amortisation of intangible assets		1,284		1,244	
Employer contributions to pension liability		(1,131)		(1,608)	
Decrease in other provisions		(5,582)		(7,361)	
Exchange rate (gains)/losses		(96)		412	
Operating cash flow before movement in working capital		133,346		138,095	
Increase in stocks		(55,505)		(26,216)	
Decrease/(increase) in debtors		3,350		(10,246)	
(Decrease)/increase in creditors		(2,881)		10,922	
Interest received		1,148		1,009	
Taxation paid		(33,499)		(36,469)	
Net cash inflow from operating activities			45,959		77,095
Cash flows from investing activities					
Proceeds from sale of tangible assets		639		8,617	
Payments to acquire tangible assets		(28,959)		(21,314)	
Payments to acquire intangible assets		(566)		(1,319)	
Net cash outflow from investing activities			(28,886)		(14,016)
Cash flows from financing activities					
Dividends paid		(62,280)		(55,429)	
Interest paid		(147)		(181)	
Net cash outflow from financing activities			(62,427)		(55,610)
Net cash (decrease)/increase in cash and cash equivalents			(45,354)		7,469
Cash and cash equivalents at the beginning of the year			133,070		121,358
Foreign exchange rate movement			1,904		4,243
Cash and cash equivalents at the end of the year	21		89,620		133,070

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

1. Accounting Policies

1.1 General Information

Tato Holdings Limited ('the Company') is a private Company limited by shares and incorporated in the United Kingdom under the Companies Act and registered in England & Wales. The address of its registered office and principal place of business is Wincham Avenue, Wincham, Northwich, Cheshire, CW9 6GB. Tato Holdings Limited is a parent undertaking and therefore these consolidated financial statements present the financial information of the Company and its subsidiary undertakings (together referred to as "the Group").

The principal activity of the Group is that of manufacture and distribution of speciality chemicals.

The financial statements are reported in Euros, this being the functional and reporting currency for the Group. As required by the Registrar of Companies, the sterling exchange rate for the year ended 31 December 2022 is £1.17 (2021*:* £1: €1.17).

All values are rounded to the nearest thousand (€'000), except when otherwise stated.

1.2 Basis of preparation

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' ('FRS 102') and applicable legislation as set out in the Companies Act 2006 and Schedule 1 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. These financial statements have been prepared under the historical cost convention.

The Company has taken advantage of the following exemptions in preparing these financial statements;

(i) from preparing a statement of cash flows in accordance with Section 7 Cash Flow Statements. This information is provided on a consolidated basis for the Group as a whole;
(ii) from providing the financial instrument disclosures, required under paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29; this information is provided at a Group level in these consolidated financial statements; and
(iii) from disclosing the Company's and the Group's key management personnel compensation, as required by paragraph 33.7.

1.3 Basis of consolidation

The consolidated financial statements incorporate the results of the Company and its subsidiary undertakings for the year ended 31 December 2022. Subsidiaries are included within the consolidation where the Company has control over such entities, thereby having the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The financial statements of subsidiaries that are acquired or disposed of within the financial year are included within, or excluded from, the consolidation from the date that the Company obtains, or loses, control.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. The accounting years of subsidiaries are coterminous with those of the Company. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity.

The details of the subsidiaries within the Group are set out in note 12.

The Company has taken advantage of the exemption conferred by Section 408 of the Companies Act 2006 and, accordingly, a separate profit and loss account has not been presented.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

1. Accounting Policies (Continued)

1.4 Going concern

These financial statements have been prepared on a going concern basis.

The current economic conditions present increased risks for all businesses. In response to such conditions, the directors have carefully considered these risks, including an assessment of uncertainty on future trading projections for a period of at least twelve months from the date of approval of the financial statements by the directors, and the extent to which they might affect the preparation of the financial statements on a going concern basis.

Based on this assessment, the directors consider that the Group maintains an appropriate level of liquidity, sufficient to meet the demands of the business including any capital and servicing obligations of external debt liabilities.

In addition, the Group's assets are assessed for recoverability on a regular basis, and the directors consider that the Group is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubt upon the Group's ability to continue as a going concern. Thus, the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

1.5 Revenue recognition

Sale of goods

Revenue is measured at the fair value of the consideration received or receivable and represents amounts for the sale of goods and the rendering of services, net of discounts and other sales-related taxes.

Revenue arises from the sale of manufactured products and from the provision of associated services.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:
a) the goods have been despatched;
b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
c) the amount of revenue can be measured reliably;
d) it is probable that the economic benefits associated with the transaction will flow to the Group; and
e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income is recognised as interest accrues using the effective interest rate method.

1. Accounting Policies (Continued)

1.6 Taxation

Tax expense for the period comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is also recognised in relation to revaluing certain assets. Income or expenses from a subsidiary, which is recognised in the financial statements will be assessed to or allowed for tax in a future period, except where the reporting entity is able to control the reversal of the timing differences, and it is probable that the timing difference will not reverse in the foreseeable future. In addition, deferred tax is recognised through fair value adjustments arising on business combinations.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.7 Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date the transactions took place. Where this is not possible to determine, income and expense items are translated using an average exchange rate for the period.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non- monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities are reported in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

1. Accounting Policies (Continued)

1.8 Intangible assets

Intangible assets comprise acquired software.

Intangible assets are initially recognised at cost, which is the purchase price plus any directly attributable costs. Subsequently, intangible assets are measured at cost less any accumulated amortisation and impairment losses.

Amortisation is charged on a straight-line basis to administrative expenses in profit or loss over the shorter of the useful life of the asset or the contractual or legal rights arising on acquisition. The useful lives are as follows:

- Computer software 3 to 5 years

Intangible assets are tested for impairment where indication of impairment exists at the reporting date.

1.9 Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less any provision for impairment.

1.10 Tangible assets

Property, plant and equipment are initially recognised at cost which is the purchase price plus any directly attributable costs. Subsequently property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to allocate the cost of an asset, less its estimated residual value, over its estimated useful life using a straight-line basis as follows:

Freehold and leasehold buildings	5 to 50 years
Leasehold improvements	over the period of the lease
Plant, machinery, fixtures and fittings	4 to 15 years
Motor vehicles	4 to 5 years

Freehold land held is deemed to have an unlimited useful life and therefore is not depreciated.

1.11 Impairment of assets

At each reporting date the Group reviews the carrying value of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset, or cash generating unit. The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset, and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset is less than the carrying amount, an impairment loss is recognised immediately in profit or loss. An impairment loss recognised for all assets is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply. Impairment losses are charged to profit or loss in administration expenses.

1. Accounting Policies (Continued)

1.12 Stock

Stock is stated at the lower of cost and net realisable value. Cost is calculated using the first-in first-out method and consists of material and direct labour costs, together with an appropriate proportion of production overheads.

1.13 Leases

Payments made under operating lease arrangements are charged to profit or loss on a straight-line basis over the lease term.

1.14 Financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument. The Group holds both basic financial instruments, which comprise cash and cash equivalents, trade and other receivables, equity investments, trade and other payables, and loans and borrowings, and other financial instruments. The Group has chosen to apply the provisions of FRS 102 in full in regards to Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instruments*.

Financial assets – classified as basic financial instruments

(i) *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

(ii) *Trade and other receivables*

Trade and other receivables are initially recognised at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

At the end of each reporting period, the Group assesses whether there is objective evidence that any receivable amount may be impaired. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in profit or loss.

(iii) *Equity investments*

Equity investments comprise holdings in ordinary equity shares. Equity investments in subsidiary undertakings are initially recognised at fair value, which is the transaction price excluding transaction costs and are subsequently measured at fair value through profit or loss where a reliable fair value can be measured. Where the fair value cannot be measured reliably, the equity instruments are held as cost less impairment.

Financial liabilities – classified as basic financial instruments

(iv) *Trade and other payables and loans and borrowings*

Trade and other payables and loans and borrowings are initially measured at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

1. Accounting Policies (Continued)

Equity

Equity instruments are classified in accordance with the substance of the contractual agreement. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments issued by the Group are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Forward exchange contracts and derivatives

Entities may enter into forward foreign exchange contracts as required by normal operating requirements. Material open contracts at the year-end are recorded at fair value, with any gain or loss recognised immediately in profit or loss.

1.15 Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that the obligation will be required to be settled, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are discounted when the time value of money is material.

1.16 Retirement benefits

The Group operates defined contribution pension schemes and defined benefit pension schemes. Obligations for contributions to the defined contribution pension schemes are charged to profit or loss in the period to which the contributions relate.

For the defined benefit schemes, the pension costs are assessed using the projected unit of credit method and reviewed annually by independent actuaries. Service costs are charged to profit or loss so as to spread the costs over the service lives of employees. Net interest on the net defined benefit liability (asset) is determined by multiplying the net defined benefit liability (asset) by the discount rate, as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest is charged to profit or loss in the period.

Re-measurements of the net defined benefit liability (asset) are charged through other comprehensive income in the period in which they occur. Re-measurement of the net defined benefit liability recognised in other comprehensive income is not reclassified to profit or loss in a subsequent period. Re-measurements of the net defined benefit liability (asset) comprise actuarial gains and losses, the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset).

If the defined benefit plan has been curtailed or settled during the year, the defined benefit obligation is decreased or eliminated, and the Group recognises the resulting gain or loss in profit or loss in the current period.

2. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical accounting judgements
The critical accounting judgements that the directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment to assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability.

(ii) Assessing whether a defined benefit surplus should be recognised

A defined benefit surplus is only recognised if it meets the following criteria: if the Company has an unconditional right to a refund or expects to be able to realise the surplus through payment holidays; or if the Company can realise it at some point during the life of the scheme or when the scheme liabilities are settled. If the criteria are not met then a defined benefit surplus is not recognised. In addition, the relevant Trust Deed must specify that a surplus may be refunded to the Company. Consideration will also be given to the effect of asset price volatility on any surplus and the prudence of recognising it on the balance sheet.

(iii) Assessing recognition of constructive obligation

The previous actions of a predecessor company have led to a liability to remediate waste products. Although the obligation to remediate the waste was acquired by a third party, the directors have considered the moral obligations and reputation of the Group in deciding to recognise a constructive obligation for the liability.

Key sources of estimation uncertainty
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 carrying amounts of assets and liabilities within the next financial year are discussed below.

(iv) Estimating value in use

Where an indication of impairment exists, the directors will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the asset or the cash generating unit and a suitable discount rate in order to calculate present value.

2. Critical accounting judgements and key sources of estimation uncertainty (Continued)

(v) Recoverability of receivables

The Group establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability, the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

(vi) Determining residual values and useful economic lives of property, plant and equipment and intangible assets

The Group depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes. Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the Group would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

(vii) Measurement of defined pension scheme obligation

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, assets valuations and the discount rate to be applied. Management estimates these factors in determining the pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

(viii) Recognition of deferred tax asset

Management judgment is required in the recognition of deferred tax assets. Management must assess the probability that the deferred tax assets will be recovered from future taxable profits. The actual results may differ from these estimates due to, among other factors, future changes in business environment, changes in tax legislation, or results from inspections by tax authorities or by courts of law.

(ix) Provisions for remedial works

The provisions for remedial works relate to ongoing and anticipated potential future work as a result of previous activities. The estimates of costs to completion of any such works are provided by independent experts. By their very nature, these costs are expected to extend for a number of years into the future and are uncertain as to their extent and timing.

3. Turnover

The Group supplies speciality chemicals to customers on a worldwide basis. All turnover is generated from the sale of goods.

In the opinion of the directors the disclosure of the information required by Schedule 1: 68 (5) of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 would be seriously prejudicial to the interests of the Group.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

4. Staff Costs

Group	**2022 €'000**	**2021 €'000**
Staff costs were as follows:		
Salaries	94,418	91,685
Social security costs	17,202	15,546
Pension costs	9,544	9,003
	121,164	116,234

The average number of employees during the year was 1,638 (2021: 1,564), of which 101 (2021: 92) are located in the UK, and may be analysed as follows:

Manufacturing	849	789
Administration	789	775
	1,638	1,564

5. Directors' Remuneration

Group	**2022 €'000**	**2021 €'000**
Emoluments	2,768	2,405
Contributions to money purchase pension scheme	146	133
	2,914	2,538

The number of directors accruing benefits under pension schemes was as follows:

Money purchase schemes	5	4
	5	4

Included above are the following amounts in respect of the highest paid director:

	€'000	**€'000**
Emoluments	863	764
Contributions to money purchase pension scheme	-	-

Key management personnel are considered to comprise the Group directors.

6. Interest receivable and similar income

Group	**2022 €'000**	**2021 €'000**
Interest receivable	1,181	1,011
Other finance income relating to pension schemes (see note 20)	995	387
	2,176	1,398

7. Interest payable and similar charges

Group	**2022 €'000**	**2021 €'000**
On bank loans and overdrafts	147	118
	147	118

8. Operating profit

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

Group		**2022 €'000**	**2021 €'000**
Depreciation of tangible fixed assets		17,892	16,466
Amortisation of intangible fixed assets		1,284	1,244
(Profit) on disposal of tangible fixed assets		(444)	(53)
Auditor's remuneration	- audit services	447	341
	- taxation compliance	68	65
	- other services	82	21
Other auditors of the group	- audit services	135	138
	- taxation compliance	17	71
	- other services	18	171
Operating lease rentals		1,306	1,159
Net exchange rate (gains)/losses		(96)	412

The net exchange (gains)/losses above charged to operating profit during the year comprise realised exchange (gains)/losses and unrealised exchange (gains)/losses on retranslation of monetary assets and liabilities at the year-end in accordance with note 1.7. There were no material open forward foreign exchange contracts at the year-end.

Exchange differences through operating profit are impacted by currency translation differences on re-translation of opening assets and liabilities denominated other than in Euros, recognised in other comprehensive income, amounting to €4,694,000 gain (*2021: €*16,137,000 gain).

9. Tax on Profit on Ordinary Activities before Taxation

	€'000	2022 €'000	€'000	2021 €'000
a) Analysis of charge in period				
Current tax				
UK Corporation tax for the period	1,438		634	
Adjustments in respect of previous years	(606)		(39)	
		832		595
Foreign Tax				
Corporation tax	28,171		33,458	
Adjustments in respect of previous years	90		(12)	
		28,261		33,446
Total current tax		29,093		34,041
Deferred tax				
Origination and reversal of timing differences				
United Kingdom – current year	1,015		2,140	
United Kingdom – previous years	542		(27)	
Overseas – current year	(168)		1,613	
Overseas – previous years	135		1,139	
		1,524		4,865
Tax on profit on ordinary activities		30,617		38,906

b) Reconciliation and factors affecting tax charge for year	2022 €'000	2021 €'000
Profit on ordinary activities before taxation	123,452	130,275
Profit on ordinary activities by standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	23,456	24,752
Expenses not deductible for tax purposes	25	839
Research and development tax credits	(375)	(368)
Income not taxable	(136)	(13)
Losses carried back	52	43
Allowable losses	(615)	(731)
Adjustment to tax in respect of prior years	161	1,107
Adjustment to tax in respect of foreign tax rates	8,731	9,757
Other reconciling differences	(682)	3,520
Tax on profit on ordinary activities	30,617	38,906

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

9. Tax on Profit on Ordinary Activities before Taxation (Continued)

c) Tax rate changes

The standard rate of tax applied to reported profit on ordinary activities is 19% (2021: 19%). An increase in UK corporation tax rate to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Group's future tax charge. The impact on the closing deferred tax balance at the balance sheet date, in respect of balances greater than 12 months, is to increase the deferred tax balance accordingly. The Directors are satisfied as to the recoverability of the recognised deferred tax assets at 31 December 2022 based on their assessment of the levels of future forecast profitability, as approved by the Board of Directors.

10. Intangible Fixed Assets

	Computer Software €'000
Cost	
At 1 January 2022	8,688
Exchange rate differences	149
Additions	566
Disposals	(335)
At 31 December 2022	9,068
Accumulated amortisation and impairment	
At 1 January 2022	4,605
Exchange rate differences	127
Charge for the year	1,284
Disposals	(332)
At 31 December 2022	5,684
Carrying amounts	
At 31 December 2022	3,384
At 31 December 2021	4,083

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

11. Tangible Fixed Assets

	Assets in the course of construction €'000	Freehold & leasehold land and buildings €'000	Plant machinery fixtures & fittings €'000	Motor Vehicles €'000	Total €'000
Cost					
At 1 January 2022	52,531	276,786	135,049	5,705	470,071
Exchange rate differences	(1,415)	1,315	3,899	77	3,876
Transfers between categories	(18,897)	5,979	12,918	-	-
Additions	19,747	3,279	6,117	1,873	31,016
Disposals	(34)	(31)	(1,047)	(1,190)	(2,302)
At 31 December 2022	51,932	287,328	156,936	6,465	502,661
Accumulated depreciation and impairment					
At 1 January 2022	-	107,715	92,098	3,569	203,382
Exchange rate differences	-	1,038	1,939	37	3,014
Transfers between categories	-	1,067	(1,067)	-	-
Charge for the year	-	8,764	8,067	1,061	17,892
Disposals	-	(26)	(1,034)	(1,050)	(2,110)
At 31 December 2022	-	118,558	100,003	3,617	222,178
Carrying amounts					
At 31 December 2022	51,932	168,770	56,933	2,848	280,483
At 31 December 2021	52,531	169,071	42,951	2,136	266,689

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

12. Fixed Assets – Investments

	Company **€'000**
Investment in group undertakings at cost	
At 1 January 2022	220,141
Impairment charge	(3,216)
At 31 December 2022	216,925

The impairment charge relates to Thor Personal Care SAS which was liquidated during the year.

The Group's subsidiary undertakings are as follows:-

Subsidiary	**Country of Incorporation and Registered Office**
Thor Specialties Inc	251 Little Falls Drive, Wilmington, DE 19808, United States of America
Thor Brasil Ltda	Alameda Caiapos 861, Tambore, Sao Paulo SP, Brazil
Thor Specialities (UK) Ltd	Wincham Avenue, Wincham, Northwich, Cheshire, CW9 6GB, Great Britain
Thor Chemicals India Private Limited	1, Floor-1, Plot-344/346,344, Damodar, Bhuvan, Kalbadevi Road, Swadeshi Market, Kalbadevi, Mumbai-400002 India
Thor SARL	325 Rue des Balmes, ZIP, 38150 Salaise sur Sanne, France
Thor GmbH	Landwehrstarsse 1, 67346 Speyer, Germany
Thor Specialties SRL	Via del Pontaccio 2, 21020 Casale Litta (VA), Italy
Thor Specialties (Pty) Limited	67 Newton Road, Wetherill Park, NSW 2164, Australia
Thor Especialidades SA	Poligono Industrial El Pla, Avda. de la Industria 1, 08297 Catellgali, Barcelona, Spain
Thor Japan Limited	19-17 Kasuga-cho, Izumiotsu, Osaka 595-0061, Japan
Thor Specialties SdnBhd	No.9 Jalan 1/114, Kuchai Business Centre, Off Jalan Kuchai Lama, Kuala Lumpur, Malaysia
Thor Group Limited	Bramling House, Bramling, Canterbury, Kent, CT3 1NB, Great Britain
Acti-Chem SA (Pty) Limited	6 Barham Road, Block C, Surry Park, Westville 3630, RSA
Thor Quimicos de Mexico SA de CV	Autopista Mexico-Queretaro Km 182 S/N, Pedro Escobedo, Queretaro 76700, Mexico
Servicios a la Industria Quimica SA de CV	Autopista Mexico-Queretaro Km 182 S/N, Pedro Escobedo, Queretaro 76700, Mexico
Thor Specialty Chemical (Zhenjiang) Co. Limited	No.182 Jingang Avenue, New District, Zhenjiang, Jiangsu 212132, PRC

12. Fixed Assets – Investments (continued)

All subsidiary undertakings are 100% owned by Tato Holdings Limited except for Thor SARL, which is held 98% by Tato Holdings Limited and 2% by Thor Group Limited, and Thor Chemicals India Private Limited, which is held 99% by Thor Specialities (UK) Limited and 1% by Tato Holdings Limited. All investments related to holdings of ordinary shares.

The principal group undertakings are involved in the manufacture and distribution of speciality chemicals.

13. Stocks

	Group	
	2022	**2021**
	€'000	**€'000**
Raw materials and consumables	101,030	76,791
Finished goods and goods for resale	118,867	85,746
	219,897	162,537

The replacement cost of stocks is not materially different from the value included in the financial statements. During the year €800,000 stock impairment losses were released (*2021: €*265,000 *released*). The total cost of stock recognised as an expense in the year was €366,487,000 (*2021: €*291,307,000).

14. Debtors

	Group 2022 €'000	**Company 2022 €'000**	**Group 2021 €'000**	**Company 2021 €'000**
Trade debtors	106,199	-	103,603	-
Amounts owed by group undertakings	-	2,710	-	704
Other debtors	8,758	2,638	12,908	2,638
Prepayments and accrued income	2,293	-	2,249	-
Taxation recoverable	3,643	-	1,558	28
Deferred tax	4,878	-	4,098	258
	125,771	5,348	124,416	3,628

Within the deferred tax asset above, €nil (*2021: €*721,000) represents previous tax losses that are expected to be recoverable in the future and €1,761,000 (*2021: €*2,053,000) relates to the pension scheme deficit. The remaining balance represents other timing differences.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

15. Creditors - Amounts falling due within one year

	Group 2022 €'000	Company 2022 €'000	Group 2021 €'000	Company 2021 €'000
Amounts falling due within one year:				
Trade creditors	33,425	-	33,901	-
Amounts owed to group undertakings	-	-	-	13,000
Corporation tax	1,394	-	4,293	-
Taxation and social security	6,565	-	6,554	-
Other creditors	7,983	-	4,866	-
Accruals and deferred income	14,055	27	15,558	57
	63,422	27	65,172	13,057

16. Creditors - Amounts falling due after more than one year

	Group 2022 €'000	Company 2022 €'000	Group 2021 €'000	Company 2021 €'000
Amounts falling due after more than one year:				
Other creditors	2,103	-	2,091	-

17. Provision for Liabilities and Charges

Group	Pension Liability €'000	Deferred Tax €'000	Remedial Work €'000	Other €'000	Total €'000
At 1 January 2022	6,843	8,826	10,495	959	27,123
Exchange difference	-	(313)	188	(25)	(150)
Charged/(credited) to profit or loss	228	2,783	-	83	3,094
Credited to other comprehensive income	(71)	-	-	-	(71)
Utilisation	(1,131)	-	(4,846)	(819)	(6,796)
At 31 December 2022	5,869	11,296	5,837	198	23,200

The deferred tax provision represents the full potential liability arising from accelerated capital allowances.

The remedial work provision relates to the estimated costs of ongoing and anticipated potential future remedial works in South Africa as a result of past activities of predecessor entities. It is expected that these costs will be incurred over the next two years.

The other provision relates to similar costs for separate remedial works. These costs are expected to be incurred over the next two years.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

18. Share Capital

Company	**€'000**
Authorised:	
At 1 January 2022 and 31 December 2022	
12,500,000 shares of 20 pence each	3,542
Allotted and fully paid:	
At 1 January 2022 and 31 December 2022	
10,380,026 shares of 20 pence each	2,942

The ordinary shares of the company carry no right to fixed income and one voting right per share.

19. Operating Lease Commitments

	Group 2022 €'000	**Group 2021 €'000**
The Group had total operating lease commitments to pay in respect of operating leases which expire:		
Within one year	1,205	1,067
Within two and five years	1,099	1,496
After more than five years	7	9
	2,311	2,572

20. Pensions

The Group operates retirement plans worldwide. Until 1 April 1996 the United Kingdom companies' plan was a defined benefit scheme. Thor GmbH also operates a defined benefit scheme, but otherwise all other group company schemes are defined contribution schemes.

a) Defined Benefit Schemes

(i) UK Companies

Until 1 April 1996 the Thor Specialities (UK) Limited contributory pension scheme was a defined benefit scheme and it was funded externally. The contribution rates over the remaining lives of the members of the scheme were made in accordance with actuarial advice. The scheme was established on 18 December 1988 and its last actuarial valuation was undertaken on 5 April 2019. The valuation at that date calculated that the market value of the assets of the scheme totalled €9,743,000, which reflected a level of funding of 109% of actuarial liabilities.

With effect from 1 April 1996, the defined benefit scheme has been frozen. From that date a defined contribution scheme has been in place.

20. Pensions (continued)

The major assumptions used by the actuary in valuing the defined benefit element of the scheme were:

	As At 31/12/2022	As At 31/12/2021
Rate of increase in pensions in payment	3.60%	3.60%
Discount rate	4.80%	1.99%
Inflation assumption	3.60%	3.60%

The assumptions relating to mortality rates underlying the pension scheme liabilities at the balance sheet date are based on the S3PA/S2PA tables with improvement factor applied in accordance with the CMI 2016 model using a 1% improvement rate.

Amounts recognised in the balance sheet

	Value as at 31/12/2022 €'000	Value as at 31/12/2021 €'000
Fair value of scheme assets	78,361	77,900
Present value of scheme liabilities	(6,041)	(9,323)
Surplus in scheme	72,320	68,577
Surplus not payable to company	(72,320)	(68,577)
Net pension surplus/(liability)	-	-

Reconciliation of the present value of defined benefit obligation

	2022 €'000	2021 €'000
Opening balance of scheme liabilities	9,323	8,726
Interest cost	165	119
Actuarial (gains)/losses	(2,636)	191
Foreign exchange differences	(501)	611
Benefits paid	(310)	(324)
Closing balance of scheme liabilities	6,041	9,323

20. Pensions (continued)

Reconciliation of the fair value of scheme assets

	2022 €'000	**2021 €'000**
Opening balance of scheme assets	77,900	45,200
Interest on assets	1,398	626
Actuarial gains	3,553	29,227
Foreign exchange differences	(4,180)	3,171
Benefits paid	(310)	(324)
Closing balance of scheme assets	78,361	77,900

	Value as at 31/12/2022 €'000	**Value as at 31/12/2021 €'000**
Equities	75,345	75,520
Other	3,016	2,380
	78,361	77,900

The pension scheme assets include ordinary shares issued by Tato Holdings Limited with a fair value of €66,516,000 (*2021: €*66,269,000). The pension scheme assets do not include any property occupied by, or other assets used by, the Group.

The actual return on scheme assets in the year was €5,003,000 (*2021: €*29,900,000).

The Group expects to contribute €nil to its defined benefit pension scheme in the next financial year.

Analysis of total credit recognised in profit before tax

	2022 €'000	**2021 €'000**
Interest credit	(1,233)	(507)
Total credit	(1,233)	(507)

The total credit is recognised in Interest Payable and similar charges in the Consolidated Statement of Comprehensive Income.

20. Pensions (continued)

Analysis of total amount recognised in other comprehensive income

	2022 €'000	2021 €'000
Actuarial gains	6,189	29,036
Foreign exchange difference on opening unrecognised surplus	(3,724)	2,571
Change in unrecognised surplus	(3,743)	(32,103)
Loss recognised in other comprehensive income	(1,278)	(496)

(ii) Overseas companies

Thor GmbH operates a defined benefit pension scheme for some of its employees as well as a defined contribution scheme for other employees. The last full actuarial valuation of the defined benefit scheme was carried out at 31 December 2021 by a qualified independent actuary.

The major assumptions used by the actuary in valuing the defined benefit scheme were:

	As at 31/12/2022	As at 31/12/2021
Rate of increase in salaries	0.00%	0.00%
Rate of increase in pensions in payment	0.80%	0.80%
Discount rate	2.00%	2.00%

The assumptions relating to mortality rates underlying the pension scheme liabilities at the balance sheet date are based on German 2005 tables.

Amounts recognised in the balance sheet

	Value as at 31/12/2022 €'000	Value as at 31/12/2021 €'000
Fair value of scheme assets	7,084	6,741
Present value of scheme liabilities	(12,953)	(13,584)
Deficit in the scheme	(5,869)	(6,843)
Related deferred tax asset	1,761	2,053
Net pension liability	(4,108)	(4,790)

The gross deficit is recognised in the consolidated balance sheet in Provision for Liabilities and Charges, and the deferred tax asset is included in Debtors.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2022

20. Pensions (continued)

Reconciliation of the present value of defined benefit obligation

	2022 €'000	2021 €'000
Opening balance of scheme liabilities	13,584	13,631
Interest cost	354	174
Actuarial losses	751	1,329
Benefits paid	(1,736)	(1,550)
Closing balance of scheme liabilities	12,953	13,584

Reconciliation of the fair value of scheme assets

	2022 €'000	2021 €'000
Opening balance of scheme assets	6,741	5,885
Interest on assets	126	54
Actuarial gains	822	744
Contributions by employer	1,131	1,608
Benefits paid	(1,736)	(1,550)
Closing balance of scheme assets	7,084	6,741

	Value as at 31/12/2022 €'000	Value as at 31/12/2021 €'000
Cash	7,084	6,741
	7,084	6,741

The pension scheme assets do not include any property occupied by, or other assets used by, the Group.

The actual return on scheme assets in the year was €6,000 (*2021: €nil*).

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20. Pensions (continued)

Analysis of total expense recognised in profit before tax

	2022 €'000	2021 €'000
Interest cost	228	120
Total expense	228	120

The total expense is recognised in Interest Payable and similar charges in the Consolidated Statement of Comprehensive Income.

Analysis of total amount recognised in other comprehensive income

	2022 €'000	2021 €'000
Actuarial gains/(losses)	71	(585)
Deferred tax	(21)	175
Losses recognised in other comprehensive income	50	(410)

b) Defined contribution schemes

The group operates a number of defined contribution schemes in various countries. The amounts charged in the profit and loss account for the year amounted to €9,544,000 (*2021: €*9,003,000). The contributions payable at year end amounted to €83,000 (*2021: €*83,000).

21. Analysis of Net Funds

	At 01/01/2022 €'000	Cashflow €'000	Exchange Difference €'000	At 31/12/2022 €'000
Cash at bank	121,341	(37,520)	2,131	85,952
Short term deposits	11,729	(7,834)	(227)	3,668
Total	133,070	(45,354)	1,904	89,620

NOTES TO THE FINANCIAL STATEMENTS
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22. Capital Commitments

	2022 €'000	2021 €'000
Capital expenditure authorised or contracted for but not provided for in the financial statements	37,967	47,815

The Group has no other off-balance sheet arrangements.

23. Ultimate Controlling Party and Related Party Transactions

The directors regard Eurotrust to be the ultimate controlling party.

The Company has taken the exemption permitted under Section 33 Related Party Disclosures not to disclose the related party transactions entered into between the company and wholly-owned Group subsidiaries.