

BASF UK Holdings Limited

Directors' Report and Financial Statements

Registered number: 3392535

for the Year Ended 31 December 2021

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Strategic Report for the Year Ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

Principal activity

The principal activity of the company is that of an intermediate holding company.

Business review

The company reported a profit on ordinary activities after tax of £nil (2020: profit £40,000,000).

The directors are of the opinion that an analysis using detailed key performance indicators is not necessary for an understanding of the development, performance or position of the company.

The company had no employees in the current or prior year.

Risks and uncertainties

The principal risks and uncertainties of the company are integrated with those of the BASF group and are not managed separately.

Brexit

The UK left the EU on 31 January 2020 and exited the transition period on 31 December 2020. The UK and EU agreed a deal on their new relationship which came into force on 1 January 2021 and new rules applied. The agreement and accompanying annexes cover most areas of the UK and EU's relations, including trade, chemicals, access to EU programmes and managing the agreement in the future. The impact of Brexit on the company as an intermediate holding company within the BASF Group will be via its holding in UK subsidiaries. The impact of Brexit is considered in the accounts of those trading subsidiaries.

COVID-19 pandemic

The global pandemic has resulted in governments taking varied actions towards stemming its spread and also bolstering economies. The impact on the company as an intermediate holding company within the BASF Group will be via its holdings in UK subsidiaries. The impact of COVID-19 is considered in the accounts of those trading subsidiaries.

Strategic Report for the Year Ended 31 December 2021

Statement by the Directors on the performance of their statutory duties in accordance with s172(1) Companies Act 2006

The directors confirm that they have acted in good faith in the way they consider what would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the company's various stakeholders and other matters set out in s172(1)(a-f) of the Act). This statement applies equally to the directors individually and when acting collectively as the Board.

In discharging their duties in relation to section 172 (1), careful consideration is given to the matters set out above. The stakeholders we consider in this regard are shareholders.

Engaging with our Shareholder

Engagement with our shareholder is of fundamental importance across the business and the directors are focused on building this relationship on a continuous basis. The directors behave responsibly towards the shareholder and treat the shareholder fairly and equally.

Approved and authorised by the Board on 1 July 2022 and signed on its behalf by:



.....
T Birk
Director

Directors' Report for the Year Ended 31 December 2021

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

Directors of the company

The directors who held office during the year were as follows:

T Urwin

D Budd (appointed 1 January 2021 and ceased 7 June 2021)

T Birk (appointed 7 June 2021)

Dividends

During the year dividends of £nil (2020: £40,000,000) were received from the company's subsidiary and subsequently paid out to shareholders.

Disclosure of information to the auditor

Each director who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Reappointment of auditor

The auditor KPMG LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved and authorised by the Board on 1 July 2022 and signed on its behalf by:



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T Birk
Director

4th and 5th Floors 2 Stockport Exchange
Railway Road
Stockport
SK1 3GG
United Kingdom

Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent Auditor's Report to the Members of BASF UK Holdings Limited

Opinion

We have audited the financial statements of BASF UK Holdings Limited (the 'company') for the year ended 31 December 2021, which comprise the Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going concern

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Independent Auditor's Report to the Members of BASF UK Holdings Limited (continued)

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors, reading board minutes, using analytical procedures to identify any unusual or unexpected relationships and inspection of policy documentation as to the company's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including agreeing all material accounting entries in the period to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

Independent Auditor's Report to the Members of BASF UK Holdings Limited (continued)

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of BASF UK Holdings Limited (continued)

Auditor's responsibilities

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

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

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

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



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Andrew Reddington (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
Date: 4 July 2022

Profit and Loss Account for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Income from other fixed asset investments		-	40,000
Profit before tax		-	40,000
Taxation	5	-	-
Profit for the financial year		-	40,000

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

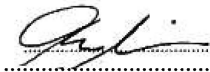
Statement of Comprehensive Income for the Year Ended 31 December 2021

	2021	2020
	£ 000	£ 000
Profit for the year	-	40,000
Total comprehensive income for the year	-	40,000

Balance Sheet as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
Fixed assets			
Investments	6	140,099	140,099
Current assets			
Debtors falling due within one year	7	6	6
Creditors: Amounts falling due within one year	8	<u>(1)</u>	<u>(1)</u>
Net current assets		<u>5</u>	<u>5</u>
Net assets		<u>140,104</u>	<u>140,104</u>
Capital and reserves			
Called up share capital	9	109,250	109,250
Other reserves		30,749	30,749
Profit and loss account		<u>105</u>	<u>105</u>
Total equity		<u>140,104</u>	<u>140,104</u>

Approved and authorised by the Board on 1 July 2022 and signed on its behalf by:



.....
 T Urwin
 Director

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £ 000	Merger reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2020	109,250	30,749	105	140,104
Profit for the year	-	-	40,000	40,000
Total comprehensive income	-	-	40,000	40,000
Dividends	-	-	(40,000)	(40,000)
At 31 December 2020	<u>109,250</u>	<u>30,749</u>	<u>105</u>	<u>140,104</u>
	Share capital £ 000	Merger reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	109,250	30,749	105	140,104
At 31 December 2021	<u>109,250</u>	<u>30,749</u>	<u>105</u>	<u>140,104</u>

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

The company is a private company limited by share capital, incorporated in England. The company's registered office is 4th and 5th Floors 2 Stockport Exchange, Railway Road, Stockport, SK1 3GG.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102").

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Summary of disclosure exemptions

The company's ultimate parent undertaking, BASF Societas Europaea (BASF SE) includes the company in its consolidated financial statements. The consolidated financial statements of BASF SE are prepared in accordance with International Financial Reporting Standards as adopted by the EU. In these financial statements, the company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes
- Key Management Personnel compensation

The financial statements of BASF SE may be obtained from BASF Societas Europaea, D67056 – Ludwigshafen, Germany.

Going concern

The financial statements have been prepared on a going concern basis. The company is the immediate parent of the main UK trading company within the BASF Group, BASF plc. The company has limited cash flows forecast and will fund any cash requirements through the intercompany receivable balances it has. Therefore, the directors have a reasonable expectation that the company will be able to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. For these reasons, they continue to adopt the going concern basis in preparing the company's financial statements.

Notes to the Financial Statements for the Year Ended 31 December 2021

2 Accounting policies (continued)

Exemption from preparing group accounts

The financial statements contain information about BASF UK Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, BASF Societas Europaea, a company incorporated in Germany.

Tax

Tax on profit or loss for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates that have been enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Investments

Investments in subsidiaries are carried at cost less impairment.

Debtors

Debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Notes to the Financial Statements for the Year Ended 31 December 2021

3 Directors' remuneration

The directors provide services to a number of group companies. Remuneration is not allocated by entity and the amounts disclosed represent the total remuneration receivable by the directors for their services to the wider group in the UK.

	2021	2020
	£ 000	£ 000
Remuneration	289	386
Contributions paid to money purchase schemes	40	35
	<u>329</u>	<u>421</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2021	2020
	No.	No.
Received or were entitled to receive shares under long term incentive schemes	1	-
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>1</u>

In respect of the highest paid director:

	2021	2020
	£ 000	£ 000
Remuneration	105	276
Company contributions to money purchase pension schemes	<u>29</u>	<u>-</u>

The directors of the company are employed by other subsidiaries within the group and do not take any remuneration from the company.

4 Auditor's remuneration

Audit fees of £5,500 (2020: £5,250) were borne by BASF plc, the company's trading subsidiary undertaking, in both years.

Notes to the Financial Statements for the Year Ended 31 December 2021

5 Taxation

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021	2020
	£ 000	£ 000
Profit before tax	-	40,000
Corporation tax at standard rate	-	7,600
Effect of revenues exempt from taxation	-	(7,600)
Total tax charge/(credit)	-	-

An increase in the UK corporation tax rate to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021 and will increase the company's future tax charge accordingly.

6 Investments in subsidiaries

	2021	2020
	£ 000	£ 000
Investments in subsidiaries	140,099	140,099

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2021 and 31 December 2021	212,336
Provision	
At 1 January 2021 and 31 December 2021	72,237
Carrying amount	
At 1 January 2021 and 31 December 2021	140,099

Notes to the Financial Statements for the Year Ended 31 December 2021

6 Investments in subsidiaries (continued)

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
Subsidiary undertakings				
BASF plc	4th and 5th Floors 2 Stockport Exchange, Railway Road, Stockport, SK1 3GG	Ordinary	100%	100%
Ciba UK Investment Limited	4th and 5th Floors 2 Stockport Exchange, Railway Road, Stockport, SK1 3GG	Ordinary	100%	100%

The principal activity of BASF plc is the manufacture of intermediate chemicals and distributor of chemical products.

The principal activity of Ciba UK Investment Limited is that of an investment holding company.

7 Debtors falling due within one year

	Note	2021 £ 000	2020 £ 000
Amounts owed by group undertakings	10	6	6

8 Creditors

	Note	2021 £ 000	2020 £ 000
Due within one year			
Corporation tax	5	1	1

Notes to the Financial Statements for the Year Ended 31 December 2021

9 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £0.38 each	<u>287,501</u>	<u>109,250</u>	<u>287,501</u>	<u>109,250</u>

10 Related party transactions

All transactions with related parties during the current and prior year have been with the company's parent, subsidiaries and fellow wholly owned subsidiaries. As such, the company has taken advantage of the exemption allowed under FRS 102.33.1A to not disclose such transactions. Related party balances outstanding at the balance sheet date are disclosed in total under the relevant notes above.

11 Parent and ultimate parent undertaking

The company's immediate parent is BASF Societas Europaea, incorporated in Germany.

The ultimate parent is BASF Societas Europaea, incorporated in Germany.

The most senior parent entity producing publicly available financial statements is BASF Societas Europaea. These financial statements are available upon request from BASF Societas Europaea, D67056 – Ludwigshafen, Germany.

The ultimate controlling party is BASF Societas Europaea.