THE SCOTT BADER COMMONWEALTH LIMITED

England & Wales · Charity number 206391

Details

Status	Registered
Legal form	Charitable company
Company number	00496082
Registered	1967-12-06
Register	View on the Charity Commission register

Contact

Address	Scott Bader Commonwealth Limited PO Box 36 Wollaston Wellingborough Northamptonshire NN29 7RL
Phone	01933666755
Website	www.scottbader.com

Activities

Objects: THE OBJECTS FOR WHICH SBCW IS ESTABLISHED (THE “OBJECTS”) ARE FOR THE BENEFIT OF THE PUBLIC THE PROMOTION OF SUCH PURPOSES BEING EXCLUSIVELY CHARITABLE ACCORDING TO THE LAW OF ENGLAND AND WALES AS THE SBCW BOARD MAY FROM TIME TO TIME DETERMINE AND IN PARTICULAR BUT WITHOUT LIMITATION TO THE FOREGOING:(A) THE PROMOTION OF ETHICAL PRINCIPLES IN INDUSTRY WITH A VIEW TO ENSURING THE DISCHARGE BY PERSONS ENGAGED IN INDUSTRY OF THEIR SOCIAL OBLIGATIONS FOR THE WELFARE OF THE COMMUNITIES WITHIN WHICH THEY OPERATE; AND(B) THE PROMOTION OF “SUSTAINABLE DEVELOPMENT” FOR THE BENEFIT OF THE PUBLIC BY THE PRESERVATION, CONSERVATION AND THE PROTECTION OF THE ENVIRONMENT AND THE PRUDENT USE OF NATURAL RESOURCES AND THE PROMOTION OF SUSTAINABLE MEANS OF ACHIEVING ECONOMIC GROWTH AND REGENERATION AND FOR THE PURPOSES OF THIS SUB-CLAUSE "SUSTAINABLE DEVELOPMENT" SHALL MEAN DEVELOPMENT THAT MEETS THE NEEDS OF THE PRESENT WITHOUT COMPROMISING THE ABILITIES OF FUTURE GENERATIONS TO MEET THEIR OWN NEEDS.

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Activities: Makes grants to charitable organisations around the world whose purposes are to help young or disadvantaged people, especially anyone suffering deprivation and discrimination, such as poor, homeless and vulnerable women and children, minority communities, particularly where people are affected by: poverty, a lack of education, malnutrition and disease

Classification

- **How:** Makes Grants To Organisations
- **What:** General Charitable Purposes, Education/training, The Prevention Or Relief Of Poverty, Environment/conservation/heritage, Economic/community Development/employment
- **Who:** Children/young People, Other Charities Or Voluntary Bodies, Other Defined Groups

Geography

- **Area of benefit:** NATIONAL AND FOREIGN
- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£513,000	£689,000	£1,734,000	3
2023-12-31	£367,000	£379,000	-	-
2022-12-31	£347,000	£444,000	-	-
2021-12-31	£556,000	£408,000	£2,034,000	0
2020-12-31	£823,000	£330,000	£1,883,000	0

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Trustees

Name	Role	Appointed
Martin Ford	Chair	2026-01-26
Bhuvan Pratap Lalka		2026-01-01
David Black		2020-10-07
Dr Gillian Elizabeth Shapiro		2023-05-01
Dr Renu Gupta		2026-02-16
Gayatri Ramakrishnan		2026-04-01
John Leslie Brenchley		2025-05-01
Sonia Jayne Kaur Davies		2024-07-29
THOMAS JAMES BUCHAN SCOTT		2026-02-16
Timothy Roy Treleaven Jones		2026-01-01

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THE SCOTT BADER COMMONWEALTH LIMITED

England & Wales - Charity number 206391

Accounts

Company registration number: 496082
Charity registration number: 206391

THE SCOTT BADER COMMONWEALTH LIMITED
FINANCIAL STATEMENTS

For the year ended

31 DECEMBER 2024

THE SCOTT BADER COMMONWEALTH LIMITED

COMPANY INFORMATION

For the year ended 31 December 2024

Company registration number:	496082
Charity registered number:	206391
Registered office:	Wollaston Hall Wollaston Wellingborough Northamptonshire NN29 7RL
Board of Trustees:	Benjamin Penney David Black Gillian Shapiro Harry Manning John Brenchley Juliette Delprat Paul Smith Richard Tapp Sonia Davies
Company Secretary:	Hayley Sutherland
Solicitors	HCR Hewitsons Lancaster House Nunn Mills Road, Northampton, Northamptonshire NN1 5GE
Bankers	Unity Trust Bank Plc 4 Brindley Place, Brunswick Street Birmingham B1 2JF CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ Scottish Widows PO Box 883 Leeds LS1 9TY
Auditor	RSM UK Audit LLP Rivermead House 7 Lewis Court Grove Park Leicester Leicestershire LE19 1SD

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The Trustees who are also the Directors of the charity present their Annual Report and the Group and Charity Accounts of The Scott Bader Commonwealth Limited (the **Charity** or **Scott Bader**), for the year ended 31 December 2024. The annual report serves the purpose of both a Trustees' report, and a directors' report and a strategic report under Company Law.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (January 2019).

STRUCTURE, GOVERNANCE and MANAGEMENT

Scott Bader Company Limited (SBCL) was founded in the 1920s by Ernest Bader as a chemicals business. In 1951, Ernest Bader and others transferred the ownership of the shares in SBCL to Scott Bader Commonwealth Limited (SBCW), which is a company limited by guarantee, a registered charity and a membership organisation. The holding of the shares of SBCL is now known as a programme related investment. The reason behind this transfer was to create a company whose well-being is entrusted to those who work in it, with democratic involvement.

When colleagues join SBCL they are Associate Members of the Commonwealth and following the successful completion of a year's service they are invited to apply to become a full Commonwealth Member. This means that they become a member, holding in common with other members, the shares of SBCL.

SBCW is unique in that it has no external shareholders, and instead, the wealth is held in common by Commonwealth Members. It's important to understand the relationship between SBCW and SBCL and its subsidiaries when reading these accounts. Everyone who works for the company is responsible for ensuring that it continues to exist in the long term for current and future generations. While profitability is important to ensure that SBCL can continue to operate, adherence to the Guiding Principles and how that profit is achieved is paramount. Additionally, the Scott Bader Constitution which is a combination of the Articles of Association of SBCW, SBCL and the Global Members' Board includes a provision to ensure that the Company is not run solely for the benefit of its colleagues. An amount equal to the amount payable as Group Staff Bonus or 1% of the Scott Bader Group Staff Salary Cost, whichever is greater, shall be paid by way of donation or otherwise to SBCW for charitable purposes.

The Objects of SBCW are:

(a) The promotion of ethical principles in industry with a view to ensuring the discharge by persons engaged in industry of their social obligations for the welfare of the communities within which they operate; and

(b) The promotion of "**sustainable development"** for the benefit of the public by the preservation, conservation and the protection of the environment and the prudent use of natural resources and the promotion of sustainable means of achieving economic growth and regeneration and for the purposes of this sub-clause "sustainable development" shall mean development that meets the needs of the present without compromising the abilities of future generations to meet their own needs.

The democratic governance structure enables the achievement of the above objectives in two ways:

1. Commonwealth Members can stand for election to the governance groups listed below and
2. By providing grants to charities and other not-for-profit organisations locally, nationally, and internationally**.**

Governance

SBCW is governed by the Commonwealth Board ('CWB'). It comprises of three internally elected Trustees and five externally appointed Guardian Trustees (Guardians of the Constitution who have special voting rights)**.** The Company Member (Paul Smith – SBCW Trustee), who is also the Chair of the SBCL Board, is also part of the CWB. The CWB is responsible for safeguarding the core values and Guiding Principles of SBCW Group. It ensures that the business is conducted in line with these principles and promotes the long-term sustainable success of SBCL. Additionally, the CWB ensures that the Charity is run in accordance with Charity law.

The CWB does not get involved in the day-to-day running of the business but is consulted on topics such as future business strategies, acquisitions, and the distribution of profits. The CWB also monitors the development of industrial democracy within the SBCL group to ensure it is:

- Governed effectively and operates in accordance with the Guiding Principles

- That the members are actively involved in the success of the business and that the community is strong and healthy and
- Supports SBCW in fulfilling the charitable objectives.

The Board of Directors of SBCL is responsible for directing the affairs of SBCL in line with its values, using a clear strategy, strong stewardship, and effective controls, to meet the expectations and interests of its shareholders and key stakeholders. The SBCL Board consists of 8 Directors, 2 Executive Directors of SBCL; 3 Non-Executive Directors; and 3 Member Directors. The wider Group Leadership Team have responsibility for the management of the SBCL Group. Neil Miller stepped down as Group CFO and Executive Director on 31 October 2024. Kevin Matthews stepped down as Group CEO and Executive Director on 31 December 2024. Andrew Rodgers was appointed as an Executive Director on 24 January 2025.

The Global Members' Board (GMB) – This is the international democratic body that represents all Commonwealth Members, comprised of 12-14 elected representatives, the Chair of SBCL and its own full time Chair. The purpose of the GMB is to lead our international and industrial democracy, give voice to the SBCW Membership and hold the Subsidiary Boards to account for the development and execution of their Strategies according to the Guiding Principles. The GMB aims to be a diverse and inclusive body that fairly represents the interests of all SBCW Members.

Each of these governance groups has its respective role to play as defined in their articles or associated rules. Each share information to support the strategic direction of the business. In addition, the Guardian Trustees attend the SBCL and GMB meetings as observers, which enables them to monitor, on behalf of the CWB, that the business is managed in accordance with the Guiding Principles as set out in the Constitution. This is a major contributing factor to Scott Bader achieving its charitable objectives.

Details of the Trustees who served throughout the year and to the date these accounts are approved are included below:

Agne Bengtsson (resigned 30 April 2025)
Benjamin Penney
David Black
Gillian Shapiro
Harry Manning (appointed 12 February 2024)
John Brenchley (appointed 1 May 2025)
Juliette Delprat
Paul Smith
Richard Tapp
Sonia Davies (appointed 29 July 2024)

Management

The Commonwealth Office is responsible for the day-to-day activities of SBCW and will take external advice when required. Additionally, there is a Charity Sub-Committee that decides which charities to support and authorises the payment of grants. This Sub-Committee is required to report to the CWB on a quarterly basis regarding the decisions taken.

Other sub-committees are formed on a needs basis to deal with issues that may arise.

Method of recruitment and appointment or election of Trustees

The External Guardian Trustees are selected by a Joint Nomination Committee (JNC)**,** which is comprised of members from the CWB**,** GMB**,** and SBCL Board**.** One of the Guardian Trustees is nominated by the Bader family. If the Bader family is unable or unwilling to nominate its Trustee, the current family nominee shall remain in post by invitation of the CWB. All candidates are provided with an explanation of the aims and objectives of the role and the time commitment involved in being a Guardian Trustee. The JNC is responsible for identifying and nominating candidates to fill the Guardian Trustee role. Appointments and removals are made by resolutions of both the SBCL Board and the CWB and are subject to approval by the GMB. Upon appointment, they are confirmed as a Commonwealth Member.

In relation to Internally Elected Trustees, nominations for these positions are sought from the SBCW membership and vacancies are filled by election administered by the Commonwealth Office. Each Internally Elected Director shall serve for a term of three years and, at the end of such term, shall be eligible for re-election for one further term of three years. Each Guardian Trustee shall serve for a term of three years and, at the end of such term, shall be eligible for re-nomination for two further terms of three years.

Policies and procedures adopted for the induction and training of Trustees

All Trustees, (appointed or elected) are provided with a handbook which contains information relating to their duties as a charity Trustee, charity policies, financial reports, previous meeting minutes, and the articles of association for SBCW, SBCL and the rules of the GMB. In addition to this a specific induction plan is designed to meet the needs of the individual to give them a more detailed understanding of how the Charity operates; the businesses and strategy of SBCL and how the governance works.

Periodic formal training on the responsibilities of being a Trustee is provided on their appointment. Trustees are also encouraged to identify any specific training needs they require.

Arrangements for setting pay and remuneration of key management personnel

Although the three internally Elected Directors are employed by SBCL, or one of its subsidiaries, none of the Trustees receive any remuneration for their work for as a Trustee of the Charity.

Key management personnel remuneration is set by the SBCL remuneration committee, for colleagues employed by SBCL only and is paid in line with best practice. An external Executive Salary Benchmark Review, conducted by Willis Towers Watson was completed in 2024.

Members' liability

The liability of the SBCW Members is limited. Every SBCW Member undertakes to contribute to the assets of SBCW in the event of the same being wound up during the time that they are a member, or within one year afterwards, for payment of the debts and liabilities of SBCW contracted before the time when they ceased to be a member, and of the costs, charges and expenses of winding up the same, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding five pence.

Trustees' indemnities

The Trustees (who are the directors of The Scott Bader Commonwealth Limited) are insured against the costs of successfully defending any actions brought for negligence in the performance of their duties as Directors.

Public benefit

To check that the charities we support meet the public benefit requirement, the Trustees decided it would be prudent to include a section within the online application form requesting applicants to provide a short summary of how they meet this requirement.

To ensure ongoing awareness of the Charity Commission's guidance on public benefit all Trustees are provided with information about this in their handbook.

Having regard to this guidance the Trustees consider Public Benefit at two levels 1) in relation to the shareholding in SBCL and 2) the activities of the Charity.

Engagement with employees, suppliers, customers and others in a business relationship with the charity (see pages 20 and 21 for the Group statement)

Ernest Bader established Scott Bader Commonwealth Limited to be a force for good in society. We are driven to make a difference and create social impact, using the skills and resources within the group to support where help is needed. We support our communities via a number of ways as highlighted throughout this report with the ambition to improve the lives of those most vulnerable and enabling our colleagues the opportunity to make a difference locally.

Our core values remain at the heart of the Group to ensure we work co-operatively and collaboratively with our colleagues and customers to deliver excellence, and to conduct ourselves in a fair, honest and ethical way.

SBCW is mindful of its broader commitments to stakeholders. Internally this includes consulting with colleagues on significant decisions, the employment of disabled persons, offering equal opportunities to all, as well as ensuring we work co-operatively and collaboratively. Externally this commitment covers broader corporate responsibility, the conduct of business with honesty, integrity, and fairness at all times, and also our impact on the environment.

Industrial democratic practice is a major part of colleague engagement, and all those who work in the Company are consulted on decisions that may affect their interests in accordance with Scott Bader's Constitution. It is the policy of Scott Bader that colleague participation in decision making is implemented at all levels.

Related parties, Charities and co-operation with other organisations

1. **Related Parties**:

   Scott Bader Commonwealth Limited maintains transparent and ethical relationships with related parties. These may include charities, subsidiaries, associates, joint ventures, and other entities connected to their operations.

2. **Charities**:

   Scott Bader Commonwealth Limited's unique ownership structure, where all shares are held by a charitable trust (the Commonwealth), inherently aligns with charitable objectives. The company actively collaborates with other charities, supporting causes related to education, social welfare, and community development. Their contributions extend beyond profit-making, emphasising a broader societal impact.

3. **Cooperation with Other Organisations**:

   Scott Bader Commonwealth Limited recognises the power of collaboration. They actively engage with other organisations, both within and outside their industry. Whether through research partnerships, knowledge sharing, or joint initiatives, Scott Bader seeks to create synergies that benefit all stakeholders. Their cooperative spirit contributes to innovation, sustainability, and positive change.

In summary, Scott Bader Commonwealth Limited's approach to related parties, connected charities, and cooperation exemplifies their commitment to ethical business practices and societal well-being.

Environmental Care

SBCW Group meets the definition of a 'large' consolidated group and therefore should apply the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations"). However, as a stand-alone company, SBCW does not meet the relevant criteria as it falls below the 40,000kWh threshold. As the SBCL Group qualify at a group level, the information disclosed below is for SBCL Group only.

Scott Bader have had a transitional year in 2024, with some big impacts on our environmental controls, along with setting up and managing potential change for 2025.

We have reviewed and changed our energy procurement strategy for our European sector and partnered with Schneider Electric for better management of group-based energy provision, which has given us a better route for green energy and better control over how we manage energy usage.

The EESG Committee has made progress towards delivering improved internal controls of our processes, which have led to some changes being made across the group; these changes have enabled more focus driven systems to support:

- Material management
- New product development
- Waste management
- How we approach and target feedback from suppliers, which helped us maintain our EcoVadis gold certification
- Life Cycle Analysis (LCA) including recruitment of a group specialist in this field to begin supplying our customers with these data.

The business is now in a position to take advantage of several projects which may help elevate our environmental credentials and improve internal controls. These include the procedures to manage:

- Carbon calculations
- Scope 3 data and reporting
- Environmental Product Declarations generation
- Capex project controls at sites and many others.

2024

ENERGY CONSUMPTION		SBCL GROUP	
		LOCATION BASED	MARKET BASED
Non-Renewable (GJ)		179,393	130,567
Renewable (GJ)		4,641	42,341
Total (GJ)		184,034	
GREENHOUSE GAS EMISSIONS		**SBCL GROUP**	
Scope 1 ($TeCO_2e$)		7,008	7,008
Scope 2 ($TeCO_2e$)		4,035	922
Scope 1 and Scope 2 ($TeCO_2e$)		11,043	7,930
INTENSITY FACTOR		**SBCL GROUP**	
Energy Intensity	MJ/Te of product	1,571	
	GJ/full time employee	247	
	MJ/£000's revenue	727	
Carbon Intensity (market based)	$kgCO_2e$/Te of product	67.7	
	$TeCO_2e$/full time employee	10.6	
	$kgCO_2e$/£000's revenue	31.3	

2023

ENERGY CONSUMPTION		SBCL GROUP	
		LOCATION BASED	MARKET BASED
Non-Renewable (GJ)		177,510	130,861
Renewable (GJ)		4,157	38,426
Total (GJ)		181,667	
GREENHOUSE GAS EMISSIONS		**SBCL GROUP**	
Scope 1 ($TeCO_2e$)		7,436	7,436
Scope 2 ($TeCO_2e$)		3,640	504
Scope 1 and Scope 2 ($TeCO_2e$)		11,076	7,940
INTENSITY FACTOR		**SBCL GROUP**	
Energy Intensity	MJ/Te of product	1,454	
	GJ/full time employee	218	
	MJ/£000's revenue	665	
Carbon Intensity (market based)	$kgCO_2e$/Te of product	64	
	$TeCO_2e$/full time employee	10	
	kgCO2e/£000's revenue	29	

Engagement with employees

Equality, Diversity & Inclusion

Scott Bader aims to provide an inclusive, diverse and mutually respectful culture and environment where everyone is treated equally and given equal opportunities regardless of their race, age, gender, sexuality, disability, culture or individual differences through all stages of the colleague lifecycle from recruitment, through onboarding, training and development. Scott Bader was awarded the ISO 30415 Certification for Human Resource Management Diversity and Inclusion and is one of the first Chemical Manufacturers to achieve the certification. As part of this process a Diversity & Inclusion Council has been formed, made up of colleagues from around the group to help define, review and continually improve our policies, practices and behaviours in this field going forward.

When a vacancy arises, it is advertised, and colleagues are encouraged to apply and receive support in their application from the Talent Acquisition Team. It is the Group's Talent Acquisition Policy to consider all applications, and will consider all candidates based on their skills, knowledge, experience and alignment to the core values.

Employee, Environment, Social & Governance Committee (EESG Committee)

The EESG Committee is supported by an executive EESG Steering group with membership drawn from across Scott Bader, including representation from both the Global Members' Board & The Scott Bader Commonwealth Limited the sole member and a England & Wales registered Charity, to work closely with the EESG Board Committee and inform the Committee's work and to support execution of its objectives. During the year the EESG Steering group held five meetings and the Board EESG Committee held one formal meeting.

The EESG Steering Team has four working groups, that each address either Employee, Environment, Social or Governance issues**.** The working groups have identified measures for a focused number of strategic objectives and are working closing with a sponsoring senior executive.

It is anticipated that attainment of these stretching but achievable EESG targets over the next 2-3 years will enable the organisation to move forward and ultimately meet the 2036 vision.

Membership and composition of the EESG Committee as at the date of this report

Michael Findlay-Wilson	Executive Director (Chair of the EESG Committee)
Samuel Boustred	Member Director

Kevin Matthews Executive Director stood down as Committee member on 31 December 2024.

Engagement with colleagues (including disabled persons)

Industrial democratic practice is a major part of colleague engagement, and all those who work within the SBCL Group are consulted on decisions that may affect their interests in accordance with Scott Bader's Constitution. It is the policy of Scott Bader that colleague participation in decision making is implemented at all levels. Recognising that access to appropriate information is a prerequisite to effective participation and consultation, the Group's monthly financial results and full year forecasts are shared with Commonwealth members and colleagues.

The Group Leadership Team deliver a monthly briefing highlighting key performance or business challenges to members.

Membership of The Scott Bader Commonwealth is open to all who work on a permanent basis within the Group and who make a commitment to work according to the Code of Practice. Members also have the right to elect two of their number, to serve for three years as members of the Board of Directors of SBCL. The third Member Director is the Chair of the Global Members' Board.

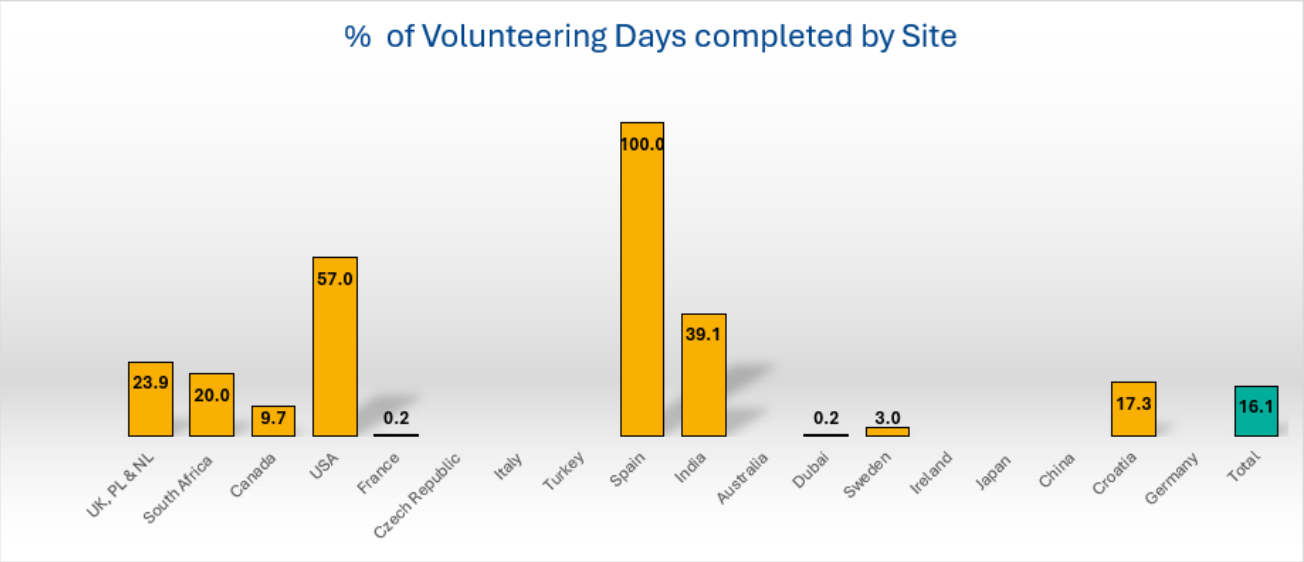
It is the Group's policy to offer equal opportunities to disabled persons applying for vacancies, having regard to their aptitudes and abilities in relation to the posts for which they apply. As far as possible, arrangements are made to continue the employment of those colleagues who have become disabled persons during their employment within the Group. In all instances, consideration will be given to arranging training facilities, or providing special aids, where necessary. It is the Group's policy to provide disabled persons with the same opportunities for training, career development and promotion that are available to all colleagues, having consideration to their aptitudes and abilities.

Involvement of Commonwealth Members

- **The Matched Funding Scheme** In 2024, the Matched Funding Scheme provided by SBCL and administered by the Commonwealth Office reached approximately £17.3k. Circa 24 charities received double the amount they would have received due to SBCL matching the amounts raised £1 for £1. This marks a slight increase compared to 2023 where £15k was raised. It's worth noting that more companies outside of the UK are now participating in this scheme. There are plans to promote this scheme globally to encourage more colleagues to participate.

- **Volunteering –** SBCL supports its local communities, through a volunteering scheme. All colleagues are granted an additional day's paid leave to volunteer for a not for profit/charitable organisation. The scheme enables colleagues to build relationships and connect with their local communities in support of its wider social purpose.

In 2024, we set an ambitious two-year EESG target of 90% of all colleagues per site to use their volunteering day. The scheme was regularly promoted and in recognition of the Employee Ownership Day celebrations we chose to promote the scheme and launched a volunteer leaderboard to track this target. The below bar chart captures the data recorded throughout 2024. We plan to continue this upward trend so that 90% of all colleagues per site are using their volunteering day for 2025.



Some of the activities undertaken by our colleagues are shown below.

Ecology:

- Recycling activities (UK)
- Litter picking (UK)

Business:

- Attending careers events at Schools and Colleges providing careers advice and guidance (UK)
- Supporting individuals with CV and interview skills (UK)

Humanity:

- Sewing knitted blankets together to be delivered to local care homes (UK)
- Took part in local running event to raise awareness and funds for cancer treatment (Croatia)

The Trustees are of the opinion that the self-governing representative structure of Scott Bader is of public benefit because wherever it operates colleagues know that the company must:

a. Contribute to the stability and economic growth locally, nationally, and internationally.
b. Take steps to minimise the effects of the business on the environment.
c. Support its local communities via charitable giving and volunteering.
d. Be an exemplar of an alternative way to run a business.

Objectives, Strategies and Activities of SBCW (the Charity)

As mentioned above the objects of the Charity are:

1) The promotion of ethical principles in industry with a view to ensuring the discharge by persons engaged in industry of their social obligations for the welfare of the communities within which they operate.
2) The promotion of sustainable development for the benefit of the public by the preservation, conservation and the protection of the environment by the prudent use of natural resources and the promotion of sustainable means of achieving economic growth and regeneration.

STRATEGIC REPORT

Achievements and Performance against the Objectives set - Grant-making

The Scott Bader Commonwealth Limited (SBCW) receives its income through a donation of profits from the individuals employed by the Scott Bader Group. This income is used to make grants to charitable organisations around the world whose purposes are in line with the Charitable objects. The Trustees annually approve the grant-giving policy and budget.

The SBCW's main source of income is by payment of a donation from SBCL. There is a provision in the Articles of Association of SBCL to ensure that there is a minimum amount paid to the Charity each year (Group Staff Bonus or 1% of the Group staff salary cost, whichever is greater). This would not be considered a major risk to SBCW unless the performance of the Company becomes so precarious that the payment of the donation might threaten the very existence of the Scott Bader Group. The donation was paid in the year ended 31 March 2025.

The Charity Committee oversees the grant-giving on behalf of the Commonwealth Board (CWB). The Committee meets every three months to select the charities to support and the funding amount for each charity. The Committee reports its decisions to the CWB quarterly.

Charities can learn about funding opportunities from SBCW through networking, referrals from previous recipients, and information on the Scott Bader website.

SBCW does not generally fund requests that support animals, individuals in need, travel and adventure schemes, art projects, sports clubs, general appeals, or building construction in the UK.

Prospective applicants must submit their funding applications through a grant management tool called OPTIMY. This tool helps simplify and streamline the grant-making process.

In 2024, SBCW had four application cycles for its grants and received circa 354 applications during the year, which is an increase from circa 290 in 2023.

After assessing the applications, SBCW made grants totalling £336k in 2024 compared to £321k in 2023.

SBCW aims to ensure that grants are used effectively and for the intended charitable purposes. We keep formal reporting requirements simple and proportionate and share the information received with the Charity Committee. We also meet with grantees and potential grantees occasionally to strengthen networking and to help the Charity learn more about the specific subject areas or reflect on its own practice and priorities.

SBCW is also a member of the Association of Charitable Foundations (ACF) and National Council for Voluntary Organisations (NCVO). Both organisations provide training courses and helpful information on good practice.

At 31 December 2024, SBCW had net assets of £1,734k (2023: £1,925k).

The grant programme areas run during 2024 are summarised below. A breakdown of the amount spent under each of these programme areas is provided in note 9.

Glocal Funds

A budget is set for all the companies in the Scott Bader Group. The allocation is currently determined as a set figure per site with an additional sum proportionate to the number of Commonwealth Members at each location. Each location can determine how they wish to utilise their allocation provided it complies with the Charity Policy and is approved by the Charity Committee of the Commonwealth Board.

To help prospective applicants, we guide them to apply for funding for projects that enable them to support social and environmental issues important to where they are situated. Some locations choose to run a Nomination Scheme whereby each Commonwealth Member has an allocation to nominate to a charity (or charities) of their choice. The areas of intervention can vary for this but tend to cover the following - Education, Environment, and Poverty.

The Global Impact Fund (previously known as Centenary fund)

This fund, which was initially launched in 2023, and was renewed in 2024 it aims to support four community-based projects with £25,000 each. Selected projects needed to meet at least one of following focus areas: education, environment or poverty.

Following the review process ten charities were invited to present their projects to the Charity Committee. Following this, six projects were selected for our members to vote on their preferred four projects. The voting process formed part of our AGM and was held in Q2 of 2024. The four successful charities that were awarded the grants were:

- The Lewis Foundation – This project will provide adult cancer patients in hospitals in Northamptonshire with 12 months of free care packages that include puzzle packs, toiletry packs and wellness packs.
- Advantage Africa – Based in Kibwezi in Eastern Keyna, the project will provide people with disabilities, especially women, with the opportunity to lift themselves out of poverty through earning an income through goat rearing. This project will also provide households with small scale rainwater catchment systems to improve their access to clean water.
- Taste – The project is based in Kaduna, Nigeria and will provide two solar powered motorised bore holes to provide clean water. The project will also increase the community's knowledge of water sanitation and hygiene practices as well as training to take car of the environment. This project will also enable fifty households to own their own latrines.
- EdUKaid - The project in rural Tanzania will build a volunteer lead community library which will be accessed by children aged 5 to 13 years from five different primary schools. The space will also be used as a community space for parents and school leavers.

Godric Bader Fund

A budget is set annually.

This fund is used to support charities chosen by the Bader family. Three charities received grants, totalling £8,000 in 2024 and £8,000 in 2023.

Research Grants & Other donations

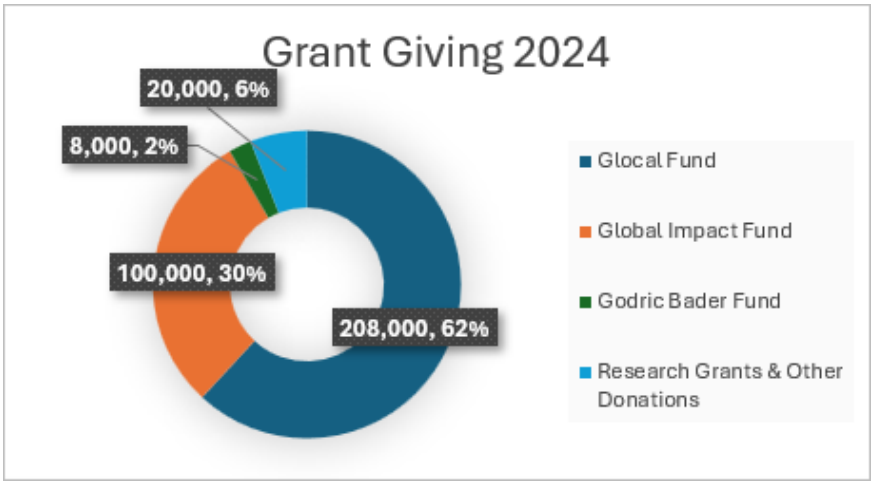
Research grants and other donations were provided to the following:

1. A donation was provided to the US for support during the aftermath of Hurricanes Helene and Milton.
2. Northamptonshire Community Foundation – Corporate Giving Network and the sponsorship of the annual awards evening.
3. Jericho Chambers – creating a report looking into the relationship between business and democracy.

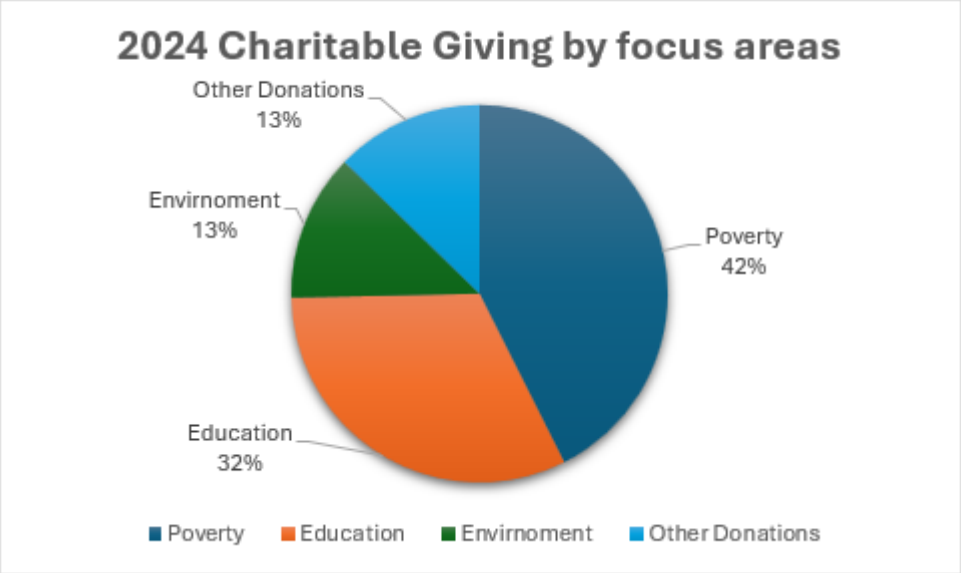
A breakdown of the 2024 and 2023 grant expenditure is detailed below.

Grant Expenditure	£'000 2024	£'000 2023
Glocal Fund	208	196
Global Impact Fund (previously known as the Centenary Fund)	100	100
Godric Bader Fund	8	8
Research and other grants	20	17
	336	**321**

Breakdown of Expenditure by fund



The grants awarded supported projects within three specific areas of intervention, Environmental, Poverty and Education. A breakdown of these intervention areas and the amount spent is detailed below.



The Trustees still believe that allocating the charity's income in the way described above continues to enable the charity to support a diverse range of activities with a relatively small amount of money. However, this is dependent on the profitability of the company, but mechanisms exist to ensure that the charity's income will increase in line with increased profitability.

Achievements and Performance SBCL Group

The principal activity of the SBCL Group which sits beneath the Charity continued to be that of the production and distribution of chemicals and related products.

Fundraising

The charity relies on surpluses generated by wholly owned trading subsidiary companies to be able to carry out grant-making to meet the charitable objectives and does not undertake any fundraising activities with the public. No professional fundraisers have been engaged and no fund raising has been undertaken on behalf of the Charity. No complaints have been received in relation to fundraising activities.

Investment policy and performance

The charity has an asset in the form of a property known as Keep House, 124 High Street, Wollaston NN29 7RJ. This is a Grade II listed stone-built farmhouse and is situated on the Wollaston site. The refurbishment of the property was completed in February 2020 and full occupancy of this building by local charities was achieved. By providing this facility the SBCW is meeting its objective of enabling these charities to continue the excellent work they do in the local community. It is also intended that the building will be self-funding on finalisation of the asset plan. To support this, the Trustees agreed in 2024 to allocate £20k to Keep House to be used towards the asset plan to cover future renovations.

In 2024, Keep House generated £27k in income, compared to £34k in 2023. This decrease was due to three vacant rooms becoming available during the year. The income generated from Keep House is used for the general refurbishment of the building and to source and progress local project and partnership opportunities.

An open market appraisal in June 2024 (previously November 2021), by an independent valuer with a recognised and relevant professional qualification, gave a value of £480k (£495k in November 2021) for this property.

As the main investment of the charity is the SBCL group, its performance is monitored on a regular basis as reported under the financial review section below.

Financial Review

The majority of the Group relates to the SBCL Group and this is considered on the following pages. The charity's (SBCW) income is limited to the donation from SBCL and rental income and the expenditure of the charity has been considered on page 13.

Financial Review of SBCL Group

Whilst the CWB does not get involved in the day-to-day management of SBCL, business updates were received during the year from the CEO Kevin Matthews, and the CFO Neil Miller on the performance of the group. In addition, members of the Group Leadership Team are asked to provide a report with an update on their business areas.

Having discussed and reviewed the business performance for 2024, the Trustees noted the following:

Annual sales volumes decreased by 2.6% to 107k tonnes (2023: 110k tonnes) and the Group turnover decreased by £21m (-7%) to £252m. This reduction was caused by geopolitical uncertainty in the Middle East, Ukraine and Russia and election years in the US and major European nations generating ongoing macroeconomic uncertainty denting investment decisions and consumer confidence. We have seen raw material price volatility since 2022, initially as supply chains normalised after the disruption of the Russian invasion of Ukraine, and more recently as the global economy slowed in 2023 and continued in 2024. In 2024 this has resulted in an increase per unit in raw material and consumable costs which has placed further margin pressure on the Group.

Other operating costs have increased by £0.8m from £16.0m to £16.8m reflecting the previous investments made into growing the Americas and Asia regions, as well as the continued central investment in the business to build out operational and commercial capabilities as the foundation for future growth.

Staff costs decreased in the year by (£0.3m) to £45.9m from £46.2m, as a result of 4.1% net headcount reduction of 34 to 800 (2023: 834) offset by average salary inflation of 4.43%. As a result of both the challenging market conditions and the implementation of the strategic plan the Group made a number of redundancies both voluntary and compulsory across its sites resulting in £1.7m of associated one off charges.

The trading conditions and one-off costs resulted in an operating loss of (£3.3m) (2023: profit of £1.2m) and a loss before tax of £4.0m (2023: £0.7m profit).

The Group incurred foreign exchange costs predominantly coming from the revaluation of non-trading intercompany loans of £1.3m (2023: £1.3m) and net interest costs of £0.8m (2023: £0.7m).

Balance sheet

2024 saw a positive cashflow from operating activities of £8.1m (2023: inflow of £11.7m). This was derived from Operating Profit and an improvement in working capital including the new non-recourse debt factoring facility in Scott Bader Middle East Ltd.

In 2024 the Group continued its objective to invest the majority of the operating cashflow into the business to support the delivery of the strategic priorities with regards to Health and Safety, geographic growth, efficiency and innovation. Key to this was the purchase of the remaining 50% of our Nova Scott Especialidades Quimicas Ttda (Nova Scott) joint venture in Brazil for £2.2m in June 2024.

Overall, in the year there was a £0.5m increase in net debt on opening of (£0.9m) to (£1.4m) driven by the ongoing strategic investment programme in capital expenditure £4.6m (2023: £12.1m) as well as cash outflows of £4.3m (2023: £0.5m) in repayment of the Group's debt facilities.

The Group continues to make targeted investments in line with the corporate strategy with the highlights being the acquisition of the remaining 50% stake in our Brazilian joint venture. Further capital investment went into new Environmental, Health and Safety initiatives as well as the maintenance programme to ensure asset integrity.

The outlook for 2025 sees the continued focus on reducing working capital and tight cash management while continuing to invest the cashflow from operations in supporting the strategic growth priorities.

The Group's USD20m Revolving Capital Facility (RCF) with National Westminster Bank PLC provides the Group with significant additional funds for working capital should it be needed. The Group had in excess of £30m in trade receivables and £27m in inventories at the balance sheet date, which were free of security for financing and available to raise working capital facilities if needed.

The Group recognised goodwill additions of £0.8m relating to the Nova Scott acquisition and a disposal of (£2.9m) representing the fair value movement of the contingent consideration associated with the 2022 acquisition of Scott Bader India with a corresponding liability derecognised in creditors.

Taxation

The tax charge on Profit Before Tax was £1,149k (2023: tax charge £0.9m). The effective tax rate (ETR) for 2024 (excluding adjustments for prior year) was -27.6% (2023: 64.9%). Main drivers of ETR were profit mix and local tax rates, adverse permanent differences and the de-recognition of deferred tax assets in respect of tax losses.

Deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Management judgment is required to determine the amount of the deferred tax asset that should be recognised, based upon the likely timing, geography and level of future taxable profits. Sources of future taxable profits include the existence of deferred tax liabilities as well as future business profits. Given the current macro-economic conditions and geo-political uncertainty, a provision has been made to de-recognise 20% of the deferred tax assets in respect of losses. The non-recognition of deferred tax assets has the impact of decreasing ETR by 50.6%.

Key Performance Indicators

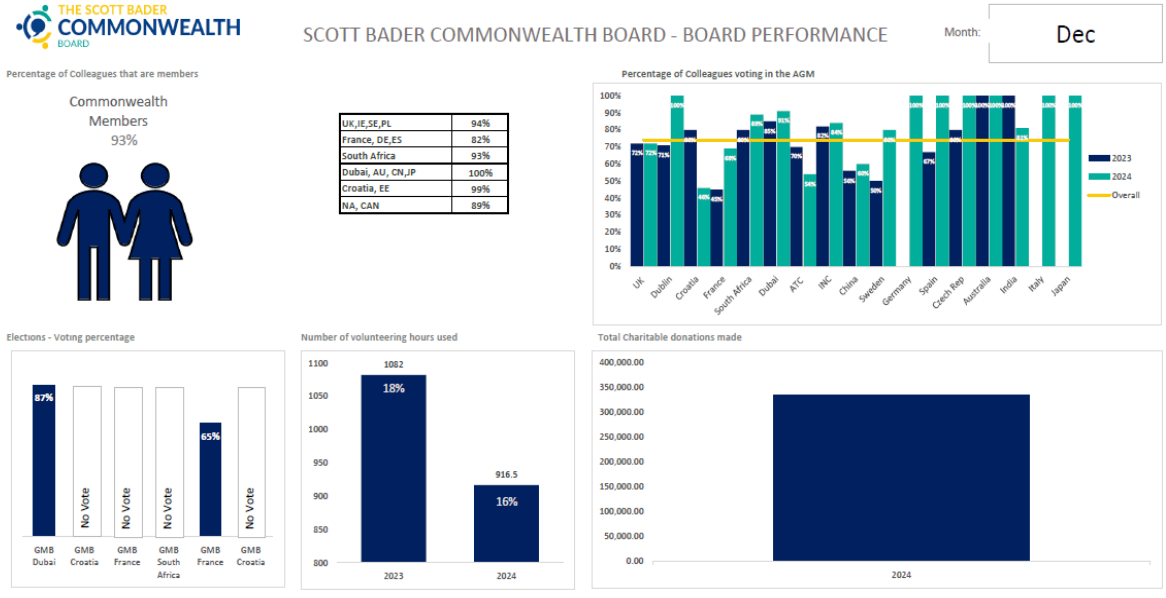
In 2023, the Trustees introduced a set of non-financial metrics to assess members' engagement levels and evaluate SBCL's adherence to the Guiding Principles. The below data was tracked throughout 2024 and was reported on at every CWB meeting.

THE SCOTT BADER COMMONWEALTH BOARD

SCOTT BADER COMMONWEALTH BOARD - GUIDING PRINCIPLES PERFORMANCE

Month: Dec

Guiding Principle	KPI	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
			Q1			Q2			Q3			Q4	
Fair Trading	Customer Complaint Percentage	1.2%	0.9%	0.5%	1.3%	0.9%	1.0%	0.5%	0.6%	1.2%	1.0%	0.7%	0.8%
Environmental Sustainability	Reportable Environmental Incidents	0	0	0	0	0	0	0	0	0	0	0	0
Responsible innovation	Percentage of roles filled with internal promotions vs external	-	50%	50%	40%	20%	100%	0%	0%	13%	0%	40%	0%
	Staff Turnover	0.73%	1.09%	2.06%	4.25%	5.10%	6.55%	7.52%	9.34%	13.55%	15.41%	16.75%	19.30%
	Colleague satisfaction Score	627.4	623.6	623.6	623.6	623.6	623.6	623.6	623.6	623.6	623.6	623.6	623.6
International presence	EO conferences attended	0	0	0	0	1	0	0	1	0	0	1	0
	Formal EO Interactions – UK	0	3	1	2	0	1	1	0	1	0	0	0
	Formal EO Interactions – Overseas	0	0	0	0	0	1	0	1	0	0	0	0
Ethical business	Whistleblowing incidents		1			2			2			0	
Diversity, inclusion and mutual respect	Gender pay gap	-5.50%	-5.50%	-5.50%	-5.50%	-5.50%	-5.50%	-5.50%	-5.50%	-5.50%	-5.50%	-5.50%	-5.50%
	Percentage of minorities in governance groups		25.80%			25.64%			31.25%			34.38%	
Safety and wellbeing	Lost time Accidents - LTA	1	0	1	0	2	0	0	0	0	0	0	0
	Process Safety incidents - PSI	1	1	0	0	1	0	2	0	0	3	0	0
	Lost time Incident Frequency rate – LTIFR	1.2	1.2	1.1	0.8	0.8	0.8	0.8	0.7	0.7	0.9	0.9	0.8



Additionally, specific KPIs have been established to monitor the financial performance of the SBCL group during 2025. These metrics will be diligently tracked and reported to the Commonwealth Board (CWB) on a quarterly basis:

- **Cash**: Tracking the available cash reserves.
- **Financial performance against budget and prior year (PY)**: Comparing actual financial results with planned budgets and previous year's performance.
- **Working capital:** Evaluating the company's liquidity and operational efficiency.
- **Capital expenditure:** (Capex) spending and CAPEX/depreciation ratio: Assessing investment in fixed assets relative to depreciation.

These KPIs serve as essential benchmarks, for SBCW to monitor the performance of SBCL's strategic decisions and ensuring transparency in its financial and operational health.

Cash

Currently the Charity holds a modest amount in deposit accounts, which are reviewed annually to ensure best return.

Financial Controls

The Financial Controls Policy, which includes the delegation of authority and segregation of duties, is reviewed annually to ensure that it is up-to-date and effective. The review process involves a thorough examination of the procedures and systems in place to ensure that they are robust and followed diligently by all parties concerned. The Trustees consider that the procedures and systems in place are effective in maintaining the integrity of the financial controls and ensuring compliance with the relevant regulations.

Financial and risk management objectives and policies

The Trustees have developed a more robust approach to managing the risks to which the charity is exposed to ensure that appropriate controls are in place to provide reasonable assurance against the risks identified. The Trustees undertake a quarterly review of the risk register, which assigns the management of the risks to specific individuals and recommends actions to be taken, where necessary, to manage their likelihood or impact. Risks are added to the register as they arise and are reported and discussed at the quarterly board meetings.

The SBCL Group uses various financial instruments including loans, cash, and items such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the SBCL Group's operations and working capital requirements. The existence of these financial instruments exposes the SBCL Group to a number of financial risks. The main risks are; currency risk, receivables recoverability and liquidity and cash flow.

Currency risk

The SBCL Group is an international chemical company. In the international chemical business, many of the raw materials used by the SBCL Group are priced in US Dollars or Euros, as are many sales made outside of the UK. Consequently, the SBCL Group is exposed to exchange rates. The SBCL Group does not make extensive use of hedging instruments or derivatives as there is a natural balance of purchases and sales across the various currencies. Customer pricing may be adapted to deal with step changes in exchange rates as needed. The currency risk is closely monitored, and appropriate actions taken when needed.

Trade and other receivables

All operating companies have credit policies, that are approved at the appropriate level using the delegation of authority matrix and monitor their credit exposure on an ongoing basis. Trade receivables are stated net of allowances for doubtful receivables, estimated by local management based on prior experience of customers and assessment of their current economic environment and in line with group policy. Due to the geographical spread of the operating companies, the credit risk varies from site to site and is influenced by the normal credit practices of that country as well as the prevailing macro-economic climate of each geographic region and where appropriate the SBCL Group uses debt factoring facilities.

Liquidity and cash flow

The Group monitors its borrowings and future cashflows weekly and aims to ensure that there is always available headroom in all entities to meet all obligations as they become due. The Group extended its USD $10m revolving credit facility with National Westminster Bank PLC in March 2023 to $20m and repaid amounts owed on facility in the year. As at 31 December 2024 the Group had headroom which the Directors considered to be adequate for current business demands.

Principal risks and uncertainties

The SBCW's key risks are summarised below:

Risk / Uncertainty	**Mitigation**
1. There is a risk to the charity to continue operating due to lack of funding, therefore unable to achieve charitable objectives & constitutional requirements	There is a formula in place to donate a minimum of 1% of the group's salary cost or 5% of the eligible PBT (whichever is the greater). However, SBCL should budget for minimum payment required to be paid to the Charity. Financial information is reported on a quarterly basis to the Commonwealth

	Board on the performance of SBCL so it would be reported if the operating company is at risk. There is a second income stream generated from Keep House and there is a view to explore other similar projects in other global locations as well as other income options such as endowments.
2. There is a risk of a skills gap for Trustees on the Commonwealth Board resulting in the non-compliance with Charity and Company Law.	All Board Members are provided with the relevant Guidance from the Charity Commission on their duties and responsibilities. A skills analysis has been introduced and we refer to this when recruiting new Guardian Trustees. In addition, induction folders are provided upon appointment, which includes a copy of the Constitution, financial reports, minutes, agendas and policies and yearly training is also provided for the Trustees.
3. There is a potential risk of loss of funds for the Charity, leading to reputational risk	The following Internal controls in place to mitigate against this. Detailed quarterly reports are prepared comparing expenditure vs budget. All cheques/bank transfers are authorised by two people, one of which needs to be a Trustee. Bank accounts are reconciled monthly. Policies are reviewed on a yearly basis by the Charity Committee, prior to submission to the full Commonwealth Board for approval.
4. There is a risk of potential miscommunications and (cyber security) risk of interception of shared sensitive business information.	All sensitive data is stored and shared via Diligent Boards which is a board management software and is part of the Diligent Governance Cloud.
5. There is a risk of under occupancy of Keep House / not achieving objectives to utilise the Keep House space, using SBCW cash to fund the building & utility costs	This is monitored regularly at the ongoing Keep House committee meetings. Keep House is currently 80% occupied.

The SBCL's key risks are summarised below:

Strategic Risks: Strategic risks are risks, both internal and external, associated with the business model, corporate strategy and long-term planning		
Risk / Uncertainty	**Mitigation 2024**	**Year-on-year change**
Market/Economic Deterioration We serve over 30 countries globally, operating in numerous geographies across a range of markets which can be affected by political and/or economic changes or uncertainties. Risks related to the geo-political and macro-economic conditions have increased over the year, primarily as a result	• Setting prices that maximise revenue while we embark on our transformation programme, and our continuous improvement mindset across the business. • A key mitigation is close monitoring of the geo-political and macro-economic conditions and reacting accordingly through the business strategy process. • Our range of markets and geographic spread help to mitigate the impacts of political and economic change. • Uncertainty in supply chains is being addressed by accelerating supply	↑ Increased risk Where needed, we set up project teams to examine and address specific risk.

of the ongoing war in Ukraine, China's economic outlook and escalating conflict in the Middle East. International tensions and the imposition of barriers to international trade, such as tariffs, may create additional challenges in doing business across territories.	resilience activity around dual/multiple sourcing of key raw materials. • We use foreign exchange hedging to delay the impact of changes in exchange rates and manage short-term volatility.	
Operational Risks: Operational risks are risks derived from Scott Bader's core business practices, which rely on systems, equipment and processes		
Risk / Uncertainty	**Mitigation**	**Year-on-year change**
Supply chain management There is a risk that an ineffective supply chain may lead to an inability to obtain key raw materials at the right time and price and result in inefficient internal movement of products.	• Initiatives continued to institutionalise a group wide S&OP platform. • The Group's supply chain function developed a greater oversight of supply chain performance connecting supply points into one vertically integrated network. • Developed 10-year Supply Plan in line with the group's Strategic Plan helped to understand capacity constraints and opportunities to set and execute supply chain priorities. • Uncertainty in supply chains is being addressed by accelerating supply resilience activity around dual/multiple sourcing of key raw materials, where good progress has been made in the last year. Maintaining our UK production of key raw materials ensures we are not solely reliant on international routes.	↑ Increased risk The Group sees opportunities for productivity improvements through an effective supply chain management system.
Health & Safety There is a risk that poor safety performance leads to serious injury, loss of life, temporary or permanent site closure – with potential for exposure to significant penalties.	• Formal Health & Safety strategy, framework and refreshed policies in place with clear KPIs and audits. • Launch of Life Saving Rules and ensuring frequent communication to colleagues on the importance of those nine rules. • Improvements at site levels to ensure closing off of HSE actions. Increase in number of safety opportunities reported across the Group. • Significant number of the Groups assets now have an updated HAZOP (hazard and operability study) with mitigations.	→ No change. This remains a high ongoing risk for the Group and one that continues to receive ongoing investment and monitoring by management including improved processes and a refresh of the hazard evaluation programme.

Critical Asset failure A critical asset failure may have a material effect on our supply chains, performance and reputation. In addition to the failure of aged assets, we are exposed to the effects of climate change. We understand that more frequent extreme weather events and natural disasters may disrupt our operations and increase our costs.	• Our asset failure risk management process is to be strengthened to calibrate rigour according to the criticality of assets and risk profile of sites. • All our manufacturing sites are to be categorised as high, medium and low risk sites based on objective review of site hazards and strategic importance to Scott Bader. This will help prioritise resource and capital expenditure allocation for critical ageing assets.	↑ Increased risk. We will continue to assess this risk based on the level of exposure across our businesses and their reliance on aged critical equipment.
Cyber and information security There is a risk that Scott Bader fails to maintain the confidentiality, integrity and availability of information and key systems leading to a loss of customer, personnel or confidential data and resulting in disruption to our business, reputational damage and significant fines.	• Continued improvement and updating of our IT systems, including investment in cloud-based disaster recovery and clear investment plans to mitigate potential for obsolescence. • Ongoing assessment of data loss prevention enablers and tooling. • Ongoing penetration testing exercises to ensure the effectiveness of existing IT controls. • Deep dive review of modern Cyber Support partners services in light of AI changing the landscape.	→ No change. Continued investment to implement state of the art IT systems and firewall security, active penetration testing, data loss prevention tools and data governance framework. It is recognised that IT failure could impact the ability to manufacture and supply products and mitigation plans are being developed.

Financial risks: Financial risks are risks associated with an organisation's ability to raise capital, maintain access to capital and deliver profitable growth

Risk / Uncertainty	**Mitigation**	**Year-on-year change**
Liquidity There is a risk that the current levels of working capital, anticipated capital and investment significantly impact liquidity levels across the Group. There is a risk that Group's financial results are materially impacted by adverse currency movements leading to volatility in the reported profits and asset values and/or the short term funding options available to it.	• Significant improvement in Treasury function and cash pooling to enable liquidity support between entities. • Continued close supervision of cash management activities and forecasting. • Active project to improve foreign exchange management. • Active monitoring of short and medium term funding options available and suitable for the Company	→ No change: The impact of a significant increase in capital spending in 2023 and 2024 and the challenging business environment continues to have a material impact on liquidity which requires more active management. The foreign exchange risk is increased due to fluctuation of the sterling vis-à-vis other currencies in markets where we incur a significant proportion of our profits.

People risks: These are risks associated with an organisation's strategy and relationship with its people, including talent attraction and retention, behaviour and culture, industrial relations and learning and development		
Risk / Uncertainty	**Mitigation**	**Year-on-year change**
People and Culture Retaining and developing the experience and motivation of our colleagues is critical to maintaining our ability to deliver our strategic priorities. Failing to maintain Scott Bader culture would significantly damage our ability to perform.	• We created a clear understanding of our people manager expectations and their importance in delivering our strategy. • We built commercial and engineering capabilities to ensure that we have quality leadership with appropriate skills to lead the execution of our strategy. • Our employee engagement survey is helping us ensure that everyone in our company can share their views.	→ No Change: The leadership competency framework was reinforced as part of the 2024 annual appraisal.

Charity reserves policy

Reserves are held to provide financial protection for Scott Bader Commonwealth Limited (SBCW) as a going concern, to protect its operations from being adversely affected by unanticipated events. Unanticipated events are identified in the SBCW risk register. However, given that the primary source of income is from the donation received from Scott Bader Company Limited (SBCL) this does create a risk for SBCW.

The Trustees reviewed the Charity's Reserves Policy in April 2024 and agreed that reserves will be held for the following purposes:

- Unrestricted Funds - The Trustees have agreed to retain £180k in a range equivalent to approximately three to six months' forward expenditure. These are to be held to protect SBCW against income fluctuations .
- Designated Funds – The Trustees have agreed to retain a designated fund equal in value to the valuation uplift on Keep House. At the year end, this fund totalled £472k (2023: £487k).

The Trustees consider this approach to be reasonable in the light of the need for the money to be readily available for expenditure against the budget and in the unlikely event that no donation is received from SBCL, grants will only be awarded to charities upon receipt of funds from SBCL.

At 31 December 2024, the Charity held total funds of £1,734k (2023: £1,925k) including unrestricted funds (free reserves) of £1,262k (2023: £1,438k). There are earmarked funds set aside to meet essential future spending. £180k is set aside to protect SBCW's operations from being adversely affected by unanticipated events. £631.2k is budgeted to be spent throughout 2025, and £93.1k is held for future renovations on Keep House. The balance remaining will be held and used in the unlikely event that no donation is received from SBCL.

The group reserves held at 31 December 2024 were £100,849k (2023: £108,847k). These are held to provide working capital for the group.

Conflicts of Interest

SBCW has a set of processes to manage conflicts of interest. These include maintaining a complete and up-to-date register of interests, which is used for the day-to-day management and governance of the Charity. The register contains information about the interests of all parties involved with the Charity, the information on the register is used to identify and manage potential conflicts of interest that may arise in the course of the Charity's operations. These procedures ensure that the Charity's interests are protected and that any potential conflicts of interest are identified and managed appropriately.

Section 172 (1) Statement

Understanding the issues that are important to our stakeholders is essential and integral to the way in which we develop and execute our business strategy. It is also critical to our long-term success.

Our approach to Section 172

The Scott Bader Constitution sets out the Governance Principles expected of the Group and SBCL Board and demonstrates how the Group and SBCL Board should make decisions for the long-term success of the Group and its stakeholders, noting the values and behaviours that must underpin the operation of a successful and thriving business. Although the original Constitution pre-dates this section of the Companies Act, its continuing principles are closely aligned with the QCA (Quoted Companies Alliance) Governance Code and conform to the requirements of Section 172 of the Companies Act 2006.

Our Section 172 statement describes the ways in which the Group and SBCL Board has carried out its responsibility to promote the success of the Group, recognising that the key decisions it makes today will affect long-term performance. The statement considers paragraphs (a) to (f) of Section 172(1) and includes details on how the Group and SBCL Board has considered and engaged with stakeholders.

When making decisions, the Group and SBCL Board considers the needs of our different stakeholder groups as well as the likely consequences that any action taken might have for Scott Bader's reputation. Stakeholder engagement is at the core of how Scott Bader operates and inform strategic discussions, including any implications for the resilience of our business and the potential impact on our community and environment. It is the SBCL Chair's responsibility to ensure that the Group and SBCL Board considers Section 172 when making its decisions.

This process includes the SBCL Board and its Committees considering the interests of our employees. We primarily engage with employees through the Member Directors, Global Members' Board ("GMB") and The Commonwealth Board.

Throughout the year, the SBCL Board received reports from management about their engagement with customers.

We recognise that it is not always possible to provide a positive outcome for all stakeholders and that sometimes the SBCL Board must make decisions based on competing priorities. The SBCL Board regularly assesses the outcomes of its decisions and is available to talk to stakeholders when needed. This engagement helps the SBCL Board better understand what matters most to our stakeholders and supports discussion on relevant issues. It also helps the SBCL Board choose the course of action that best leads to high standards of business conduct and success for Scott Bader in the long term.

Stakeholder engagement in 2024

Stakeholder groups	**How the SBCL Board engaged in 2024**	
Customers We work with customers worldwide, providing the products they need to address technical and sustainability challenges in their own manufacturing processes.	• The SBCL Executive Committee provided customer related intelligence and feedback. • The SBCL Board approved a refreshed strategy that focuses on better flexibility across our manufacturing locations striving to make more efficient use of assets whilst never compromising on quality.	• Given that some areas of our business have seen weakened demand, the SBCL Board kept up to date with operational issues, including focus on key distribution channels has given us the ability to ensure we have the correct partnerships to ringfence our business, and position for growth as economies and markets recover.
Colleagues Our success relies on the talent of our employees. We want them to feel part of a culture that values diversity and inclusion, fairness and transparency.	• SBCL ensured that colleagues were properly considered as part of the SBCL reorganisation in line with the strategy refresh.	• The SBCL Board received and considered two reports on follow-up actions from the results of the Best Companies employee survey.

Suppliers Our suppliers deliver the raw materials and services we need to make our products. We look for ways to work in partnership with suppliers to create a more sustainable supply chain.	• Contract coverage, adherence, cost and forward pricing were all high on the agenda for the SBCL Board throughout 2024. Management increased the number of suppliers & contracts across our highest spend raw materials thus improving the competitive landscape. They also diversified our supply chain ensuring we have suppliers from different geographies thereby improving security of supply. A contract tracking and pricing tool was implemented that provides visibility across our main monomers which also includes forward pricing predictions based on market intelligence.	• Suppliers are regularly assessed to ensure they are aligned with our values and adhere to our standards outlined in the Supplier Code of Conduct. Our primary tool for these assessments is EcoVadis. • The SBCL Board received regular reports on any contract exposure, main monomer price movements and impacts on profitability.
Employee Owners As an Employee-Owned business, with a defined Constitution, we have a responsibility to deliver long term value for our employee owners.	• The SBCL Chair, CEO and CFO provide the SBCL Board with updates from their meetings with the Global Members' Board. • There is a standing agenda item at all SBCL Board meetings for the Chair of the Global Members' Board to share colleagues feedback with the SBCL Directors. • The Chief Executive Officer and Chief Financial Officer met with a number of employee Councils.	• The Member Directors are encouraged to share Colleagues sentiments at the SBCL Board meetings. • The SBCL Chair is a member of the Global Members' Board and a Director of The Scott Bader Commonwealth Limited, the parent of the Company and this aids good governance between the three bodies. • The Chief Executive Officer visited all plants in Q1 of 2024.

In carrying out its duties, the SBCL Board continued to ensure it understands, and considers, the issues that matter most to these stakeholder groups, particularly when making material decisions.

Colleagues

We recognise that our people are fundamental to the success of the business. We are committed to investing in our Colleagues and in 2024 we took a strategic approach to further engage and develop our workforce. We continue to improve our approach to appraisals and giving feedback. Performance of Colleagues is assessed by refence to an agreed set of objectives that align with our strategy and values. Annual salary reviews are determined by benchmarking and performance against agreed objectives.

We value the thoughts and views of our Colleagues and encourage regular feedback through various communication channels. In 2024 Sam Boustred, GMB Chair and Director of the Company visited our sites in France and US and held town hall meetings.

Communities

We aim to contribute in a proactive and positive way to the communities in which we operate. We encourage Colleagues to volunteer and provide all Colleagues with a paid day in each 12 month period to volunteer.

The AGM is accessible to all members of The Scott Bader Commonwealth Limited, (the parent of the Company) through the use of video conference. We have three Member Directors on the Board who keep the Board appraised of issues important to employee owners.

Principal decisions in 2024

This was another busy year for the SBCL Board, and one in which several key decisions were taken. The SBCL Board considers section 172 in their decision-making processes.

Principal activities

The principal activity of the Group continued to be that of the production and distribution of chemicals and related products. The Company continues to act as the holding company for the Group's trading companies.

Future Plans

During 2025 SBCW plans to meet its charitable aims by delivering the following.

- **Charity** – Our funding ratios and focus areas for our charitable donations will remain as present. We will broaden the meaning of charitable giving including encouraging and re-energising the volunteering undertaken by colleagues. We will continue to aim to replicate globally the Keep House model at Wollaston. This will provide local opportunities for good practice and outreach around selected locations around the group. We will implement a Social Return on Investment (SROI) framework to help us measure and communicate the social value and impact of our grant-giving activities.

- **Income** – In 2024, a funding strategy empowering the Commonwealth and Global Members' Board was introduced enabling both Boards to have full autonomy with their operational spend.

- **Engagement** – We have implemented a refreshed way in which colleagues learn about the features and responsibilities of democracy in Scott Bader. This includes both the induction, orientation, and 'onboarding' for new recruits along with the ongoing refreshment necessary to keep everyone committed and engaged. We will continue to improve and monitor this development throughout 2025.

- **Constitution update -** We have implemented a refreshed way in which colleagues learn about the features and responsibilities of democracy in Scott Bader. This includes both the induction, orientation, and 'onboarding' for new recruits along with the ongoing refreshment necessary to keep everyone committed and engaged. We will continue to improve and monitor this development throughout 2025.

Going Concern

When assessing the going concern principle for the Commonwealth, considerations of the Trustees include, but are not limited to the following; the Financial position of the Group as at 31 December 2024, the most recent cash position, the projected cashflows and the availability and headroom of the financing facilities across the group, including the ability to meet future covenants.

The performance of the Group in the year to date is below last year as a result of continuing supressed economic activity impacting Scott Bader's customers. The Group has taken a number of restructuring actions to address this for the long term and as a result did not trade profitably in the year. The Group obtained a waiver from its lending partner for one of the two covenant tests required to be met quarterly for which it was not in compliance.

Given continuing economic uncertainty, performance forecasts to June 2026 have been generated under a variety of scenarios, including the application of prudent, worst-case assumptions. In addition, several mitigating actions have been considered in relation to each model, including options to reduce both costs and capital expenditure without impacting on the day to day operations of the business. On the basis of these forecasts, the Directors remain confident that the Group will be sufficiently well capitalised and able to meet all lending covenants for the foreseeable future.

Having considered the financial forecasts and the mitigating actions available to adequately preserve cash and reduce cost, should this be necessary, the Directors are confident that the Group remains a going concern, and that the results within this document represent a true and fair view of the position of the Group and Charity.

Auditor

RSM UK Audit LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Statement as to disclosure of information to auditors

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Report of the Trustees is approved by order of the board of Trustees and the Strategic Report (included therein) is approved by the board of Trustees in their capacity as the directors at a meeting on 20 May 2025 and signed on its behalf by:

Richard Tapp

Richard Tapp
Trustee

Paul L Smith

Paul Smith
Trustee

Trustees' responsibilities statement

The Trustees who are also the directors of the Scott Bader Commonwealth Limited (for the purpose of company law) are responsible for preparing the Report of the Trustees including the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

The Trustees' powers and responsibilities are defined in the Articles of Association of SBCW in furtherance of which SBCW has and may exercise the power to exercise oversight of the Scott Bader Group to ensure appropriate governance risk and compliance processes are in place to ensure the long-term success of the business.

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the charitable company and of the income and expenditure of the charitable group for that period.

In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charitable company will continue in business.

The Trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Opinion

We have audited the financial statements of The Scott Bader Commonwealth Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the Group and Charity Statements of Financial Activities (incorporating an income and expenditure account), Group and Charity Balance Sheets, Group Statement of Cash Flows and notes to the financial statements, including 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 the parent charitable company's affairs as at 31 December 2024 and of the group's incoming resources and application of resources, including its income and expenditure, 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 group and parent charitable 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable 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 Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report of the Trustees other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the Report of the Trustees. 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.

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

We have nothing to report in this regard.

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 Report of the Trustees, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Directors' Report and the Strategic Report included within the Report of the Trustees have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 24, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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 Trustees 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 Trustees are responsible for assessing the group's and parent charitable 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 Trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operate in and how the group and parent charitable company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating any advice received from internal and external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety and environmental compliance. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, review of accounting policies in relation to revenue recognition and sample testing revenue.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the consolidated financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our group audit approach.

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

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

GARETH JONES (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Rivermead House
7 Lewis Court
Grove Park
Leicester
Leicestershire

23/05/25

THE SCOTT BADER COMMONWEALTH LIMITED

GROUP AND CHARITY STATEMENTS OF FINANCIAL ACTIVITIES (incorporating an income and expenditure account)

For the year ended 31 December 2024

	Notes	Group 2024 Unrestricted* £'000	Group 2023 Unrestricted* £'000	Charity 2024 Unrestricted* £'000	Charity 2023 Unrestricted* £'000
Income from:					
Donations		**-**	-	**466**	316
Other trading activities:					
Commercial trading operations		**252,343**	273,301	**-**	-
		252,343	273,301	**466**	316
Investments	5	**2,237**	1,253	**47**	51
Total income	4	**254,580**	274,554	**513**	367
Expenditure on:					
Raising funds:					
Commercial trading operations		**(258,149)**	(273,702)	**-**	-
Charitable activities	9	**(689)**	(335)	**(689)**	(379)
Total expenditure	6	**(258,838)**	(274,037)	**(689)**	(379)
Net (expenditure)/income excluding joint venture income		**(4,258)**	517	**(176)**	(12)
Share of net income from joint ventures	15	**46**	221	**-**	-
Net (expenditure)/income before tax for the financial year		**(4,212)**	738	**(176)**	(12)
Net losses on investments	15	**(15)**	-	**(15)**	-
Tax payable	10	**(1,149)**	(875)	**-**	-
Net expenditure before other comprehensive income	7	**(5,376)**	(137)	**(191)**	(12)
Attributable to the owner		**(5,394)**	(168)	-	-
Attributable to Non-Controlling Interest		**18**	31	-	-
Other comprehensive income:					
Actuarial loss on defined benefit pension	23	**(981)**	(4,061)	**-**	-
Change in value of hedging instrument	17	**(13)**	(13)	**-**	-
Currency translation differences		**(1,873)**	(2,050)	**-**	-
Deferred tax on other recognised gains and losses	10	**245**	1,015	**-**	-
Net movement in funds		**(7,998)**	(5,246)	**(191)**	(12)
Attributable to the owner		**(8,016)**	(5,277)	**-**	-
Attributable to the NCI		**18**	31	**-**	-
Net movement in funds		**(7,998)**	(5,246)	**(191)**	(12)
Total funds brought forward	25	**108,847**	114,093	**1,925**	1,937
Total funds carried forward	25	**100,849**	108,847	**1,734**	1,925

*Unrestricted funds include designated funds and movement on these funds can be seen in note 25.

The accompanying accounting policies and notes form an integral part of these financial statements.

	Notes	Group 2024 £'000	Group 2023 £'000	Charity 2024 £'000	Charity 2023 £'000
Fixed assets					
Intangible fixed assets	12	**8,333**	10,139	**-**	-
Tangible fixed assets	13	**61,982**	62,904	**-**	-
Investment property	15	**480**	495	**480**	495
Investments in subsidiaries	14	**-**	-	**-**	-
Interests in joint ventures	14/15	**-**	392	**-**	-
		70,795	73,930	**480**	495
Current assets					
Stocks	16	**27,614**	35,675	**-**	-
Debtors	17	**43,523**	44,649	**14**	316
Debtors greater than one year	18	**3,919**	2,058	**-**	-
Investments		**200**	-	**200**	-
Cash at bank and in hand		**10,380**	16,866	**1,095**	1,163
		85,636	99,248	**1,309**	1,479
Current liabilities					
Creditors: amounts falling due within one year	19	**50,834**	58,618	**55**	49
Net current assets		**34,802**	40,630	**1,254**	1,430
Total assets less current liabilities		**105,597**	114,560	**1,734**	1,925
Creditors: amounts falling due after more than one year	20	**387**	3,531	**-**	-
Provisions	22	**8,814**	6,472	**-**	-
		9,201	10,003	**-**	-
Net assets excluding pension asset		**96,396**	104,557	**1,734**	1,925
Pension asset	23	**4,453**	4,290	**-**	-
Net assets		**100,849**	108,847	**1,734**	1,925
Reserves:					
Unrestricted funds:					
General reserve funds					
Unrestricted income funds	25	**100,276**	108,277	**1,262**	1,438
Designated funds					
Fair Value Reserve	25	**472**	487	**472**	487
Total charity funds attributed to owners		**100,748**	108,764	**1,734**	1,925
Non-Controlling interest					
Non – Controlling interest	25	**101**	83	**-**	-
		100,849	108,847	**1,734**	1,925

The financial statements on pages 28 to 67 were approved by the board of Trustees on 20 May 2025 and signed on their behalf by:

Richard Tapp *Richard Tapp*
Trustee

Paul Smith *Paul L Smith*
Trustee

Company number: 496082
The accompanying accounting policies and notes form an integral part of these financial statements.

THE SCOTT BADER COMMONWEALTH LIMITED

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024		2023	
		£'000	£'000	£'000	£'000
Net cash provided by operating activities	26		**8,371**		12,404
Taxation (paid)/received			**(1,015)**		696
Net cash generated from operating activities			**7,356**		13,100
Cash flows from investing activities					
Purchase of tangible assets		**(4,378)**		(12,072)	
Purchase of intangible assets		**(994)**		(925)	
Proceeds from disposals of tangible assets		**554**		322	
Dividends received from joint ventures		**-**		222	
Acquisition of subsidiary		**(1,799)**		-	
Investment in current assets		**(200)**		-	
Rental income received		**27**		34	
Interest received		**1,163**		376	
Net cash used in investing activities			**(5,627)**		(12,043)
Cash flows from financing activities					
Repayment of bank loans		**(4,343)**		(417)	
Interest paid		**(2,167)**		(1,455)	
Net cash used in financing activities			**(6,510)**		(1,872)
Net decrease in cash and cash equivalents			**(4,781)**		(815)
Effect of exchange rates			**-**		(409)
Cash and cash equivalents at the beginning of the year			**9,019**		10,243
Cash and cash equivalents at the end of the year			**4,238**		9,019
Cash and cash equivalents consist of:					
Cash at bank and in hand			**10,380**		16,866
Bank overdrafts			**(6,142)**		(7,847)
Cash and cash equivalents at the end of the year			**4,238**		9,019

The accompanying accounting policies and notes form an integral part of these financial statements.

Within cash and cash equivalents there is a balance of £nil (2023: £464k) that is held in an escrow account. This escrow account has been established in agreement with the defined benefit pension scheme and the group have been making agreed payments into the account. Further information is included in note 23.

1. STATEMENT OF COMPLIANCE

The Scott Bader Commonwealth Limited is a private company, limited by guarantee, incorporated in England and Wales and domiciled in England. The company number is 496082 and the registered office is Wollaston Hall, Wollaston, Wellingborough, Northamptonshire, NN29 7RL.

The financial statements have been prepared in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Principal activities are noted in the Report of the Trustees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the measurement of certain financial assets and liabilities measured at fair value.

The charitable company constitutes a public benefit entity as defined by FRS102.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Reduced disclosures

In accordance with FRS 102, the Charity has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 ‘Statement of Cash Flows’ – Presentation of a Statement of Cash Flow and related notes and disclosures.

Going Concern

When assessing the going concern principle for the Commonwealth, considerations of the Trustees include, but are not limited to the following; the Financial position of the Group as at 31 December 2024, the most recent cash position, the projected cashflows and the availability and headroom of the financing facilities across the group, including the ability to meet future covenants.

The performance of the Group in the year to date is below last year as a result of continuing supressed economic activity impacting Scott Bader’s customers. The Group has taken a number of restructuring actions to address this for the long term and as a result did not trade profitably in the year. The Group obtained a waiver from its lending partner for one of the two covenant tests required to be met quarterly for which it was not in compliance.

Given continuing economic uncertainty, performance forecasts to June 2026 have been generated under a variety of scenarios, including the application of prudent, worst-case assumptions. In addition, several mitigating actions have been considered in relation to each model, including options to reduce both costs and capital expenditure without impacting on the day to day operations of the business. On the basis of these forecasts, the Directors remain confident that the Group will be sufficiently well capitalised and able to meet all lending covenants for the foreseeable future.

Having considered the financial forecasts and the mitigating actions available to adequately preserve cash and reduce cost, should this be necessary, the Directors are confident that the Group remains a going concern, and that the results within this document represent a true and fair view of the position of the Group and Charity.

The accounts are prepared on the going concern basis.

2. ACCOUNTING POLICIES (CONTINUED)

Group financial statements and basis of consolidation

These financial statements consolidate the results of the Charity and all its subsidiary undertakings made up to 31 December.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures.

In the group financial statements, joint ventures are accounted for using the equity method.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

Foreign currency

(i) Functional and presentation currency

The Group financial statements are presented in pound sterling and rounded to thousands. The Charity's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial activities.

(iii) Translation

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net assets and from the translation of the profits or losses at average rates are included in other recognised gains and losses.

Income recognition

Income recognition includes income recognised in the Group's trading activities.

Income is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

The Group recognises income when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of income can be measured reliably; (d) it is probable that future economic benefits will flow to the entity.

(i) Sale of goods

The risks and rewards of ownership of goods are deemed to have been transferred when the goods are shipped to, or picked up by the customer.

(ii) Interest income

Interest income is recognised using the effective interest rate method.

(iii) Rental income

Rental income is recognised on a straight line basis over the life of the rental period.

2. ACCOUNTING POLICIES (CONTINUED)

Income recognition (continued)

(iv) Donation income
Donation income including donations, gifts and grants that provide core funding to address any immediate needs or costs of the charity or of a general nature are recognised where there is entitlement, receipt is probable and the amount can be measured with sufficient reliability.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid, the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

(iii) Defined benefit pension plan

The Group operates a defined benefit plan for certain UK employees. This scheme was closed to future accrual from 1 April 2006. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset recognised in the balance sheet in respect of the defined benefit plan is the fair value of the plan assets at the reporting date less the present value of the defined benefit obligation at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments (‘discount rate’).

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group’s policy for similarly held assets. This includes the use of appropriate valuation techniques.

The retirement benefit obligation recognised represents the deficit or surplus in the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions from the plan.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other recognised gains and losses. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as ‘Actuarial (loss)/gain on defined benefit pension’.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

(a) the increase in pension benefit liability arising from employee service during the period; and

(b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as ‘Interest payable and similar charges’.

(iv) Other retirement benefits

Scott Bader France is required by French law to provide a lump sum to employees on retirement, based on length of service with the employer. The provision is calculated according to French government assumptions of life expectancy and a standard discount rate. The provision is applied to those employees with less than 15 years until retirement because it is assumed that some employees will leave before reaching retirement age.

2. ACCOUNTING POLICIES (CONTINUED)

(v) Annual bonus plan

The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of financial activities, except to the extent that it relates to items in other recognised gains and losses. In this case, tax is also included in other recognised gains and losses.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total net income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

(iii) Deferred tax in business combinations

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

(iv) Offsetting deferred tax assets and liabilities

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised up to a period of 0 to 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the statement of financial activities.

2. ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Intangible assets are stated at cost or fair value at acquisition date less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, of up to 10 years, in line with the Trustees' (Directors') assessment of the beneficial period.

Goodwill	0 – 10 years
Technology	0 – 10 years
Customer Lists	0 – 10 years

Tangible fixed assets and depreciation

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives.

(i) Land & buildings

Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

Leasehold properties are amortised in equal instalments over the lesser of the unexpired term of the relevant lease or fifty years, except that premiums paid or receivable on the acquisition of leasehold properties applicable to rental benefits are written off over the period to the first open market rent review.

(ii) Plant and machinery and fixtures, fittings, tools and equipment

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation and residual values

Freehold land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

Freehold buildings	50 years
Short leasehold land and buildings	over the lease period
Plant and equipment	3-20 years
Motor vehicles	4-5 years

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Any impairment loss recognised for goodwill is not reversed. For fixed assets other than goodwill, recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Leased assets

At inception, the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

2. ACCOUNTING POLICIES (CONTINUED)

Leased assets (continued)

(i) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

(ii) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(iii) Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the statement of financial activities over the period to the first review date on which the rent is adjusted to market rates.

Investments

Charity investment in subsidiaries and joint ventures are held at cost less accumulated impairment losses. Group investments in joint ventures are stated in the group balance sheet at the group's share of their net assets. The group's share of profits less losses of joint ventures is included in the group statement of financial activities.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Stocks are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition. The cost of manufactured finished goods includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity).

At the end of each reporting period, stock is assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of financial activities. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the statement of financial activities.

2. ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

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

Cash held within accounts with a notice period of three months or more are held in current asset investments.

Provisions and contingencies

(i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(ii) Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date; or

when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the likelihood of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, amounts owed by group undertakings, cash and bank balances and listed investments are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when

(a) the contractual rights to the cash flows from the asset expire or are settled, or

(b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or

(c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, amounts owed to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

2. ACCOUNTING POLICIES (CONTINUED)

(ii) Financial liabilities (continued)

Bills of exchange are recognised at face value and recorded at amortised cost until the date of maturity and the payment against it is realised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement, in which case they flow through Other Comprehensive Income.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled, or expires.

Research and development costs

Expenditure on research and development is written off as incurred.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. If applicable, the aim and use of each designated fund is set out in the notes to the financial statements.

All funds are general except for the fair value reserve which is a designated fund.

Expenditure

Expenditure is recognised when a liability is incurred. Contractual arrangements are recognised as goods or services are supplied. Other payments are recognised when a constructive obligation arises that results in the payment being unavoidable.

- Costs of raising funds are those costs incurred in commercial trading activities.
- Charitable activities include expenditure associated with the parent charity.
- Governance costs include those incurred in the governance of the Charity and its assets and are primarily associated with constitutional and statutory requirements.
- Charitable donations and grants are accounted for in the year of payment or when approved and the recipient has been informed in writing that the donation or grant is to be made unconditionally, albeit that payment may be in a following accounting period. Where it has been agreed to make such unconditional donations or grants to charity in future years, this is included in the accounts as a liability.
- Support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Investment property

Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure. Investment properties are carried at fair value with changes in fair value being recognised in the statement of financial activities. The cumulative fair value movement is presented in a Fair Value Reserve (designated fund).

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Impairment of debtors (note 17)
The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

(ii) Provisions (note 22)
Provision is made for various employee benefits payable on retirement or exit from the Group. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Provision is also made for potential future tax liabilities incurred within the group, and for the release of any such provisions, as a result of prior year restatements. These provisions require management's best estimate of the costs that will be incurred based on available expert opinion and legislative requirements.

Provision is also made for potential future payment for the required restitution of land when subsidiary companies vacate premises currently occupied. These provisions require management's best estimate of the costs that will be incurred based on available expert opinion and legislative requirements.

(iii) Defined benefit pension scheme (note 23)

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, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

(iv) Accruals for customer claims (note 19)
Accruals are made for customer claims to the extent that they are expected to be payable based upon the historical pattern of customer claims and any known uninsured product liability.

(v) Contingent consideration (note 12)
The Group fair values contingent consideration based on latest available information as detailed in note 12.

(vi) Intangible Assets & Goodwill (note 12)
The Group reviews the carrying value of its intangible assets to determine if there is any indication that those assets are impaired. The group's intangible assets and goodwill predominantly relate to its acquisition of the remaining 50% of its Joint Venture in India in 2022. Whilst the business has faced overall trading headwinds it is not assessed that sufficiently triggers a formal impairment assessment. The Group's long term strategic plan supports the value of the assets acquired.

(vii) Deferred Taxation (note 10, note 17, note 18 and note 22)
As discussed elsewhere in the report the Group is forecast to return to a profitable tax paying position in 2025 and beyond having taken steps to restructure the business during a turbulent 2024, despite ongoing uncertainty in the global macro-economic environment.

The group has therefore recognised a £6.2m deferred tax asset, which is dependent on the existence of future taxable profits to enable the utilisation of brought forward taxable losses available. In order to support the recognition of the £7.5m deferred tax asset on losses, modelling was undertaken to review the recovery period of the deferred tax asset. The modelling was based on management forecasts, consistent with that used for the going concern assessment and asset impairment testing and showed that the deferred tax asset on losses is expected to be recovered by 2027.

We have assessed that the current group structure continues to be sustainable under the tax law substantively enacted at the balance sheet date and the Group's intentions and therefore that the recoverability of the deferred tax asset recognised is probable in line with FRS102.

4. ANALYSIS OF TOTAL INCOME

	Group		Charity	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
External turnover of Scott Bader Company Limited and its subsidiaries	**252,343**	273,301	**-**	-
Investment income	**2,237**	1,253	**47**	51
Donation from Scott Bader Company Limited	**-**	-	**466**	316
	254,580	274,554	**513**	367

External turnover of Scott Bader Company Limited and its subsidiaries by geographical market is analysed below:

	2024	2023
	£'000	£'000
UK and Eire	**44,191**	41,896
Continental Europe	**88,828**	100,468
Rest of World	**119,324**	130,937
	252,343	273,301

5. INVESTMENT INCOME

	Group		Charity	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Rental income	**35**	34	**27**	34
Interest receivable and similar income	**2,202**	1,219	**20**	17
	2,237	1,253	**47**	51

6. ANALYSIS OF TOTAL EXPENDITURE

	Group		Charity	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Raising funds:				
Staff costs (including related costs) (note 11)	**45,912**	46,171	-	-
Other trading costs	**212,237**	227,531	-	-
Total expenditure on commercial trading operations	**258,149**	273,702	-	-
Charitable activities (note 9)	**689**	335	**689**	379
Total expenditure	**258,838**	274,037	**689**	379

7. NET EXPENDITURE

	Group		Charity	
	2024	2023	**2024**	2023
Net expenditure is stated after charging / (crediting) the following items:	**£'000**	£'000	**£'000**	£'000
Research and development	**3,731**	3,354	-	-
Depreciation and amortisation	**5,517**	6,621	-	-
Net interest on DB Pension Scheme	**218**	(383)	-	-
(Gain)/loss on disposal of tangible assets	**(436)**	8	-	-
Impairment of trade debtors	**285**	(99)	-	-
Impairment of stocks	**1,060**	(154)	-	-
Operating lease charges	**2,166**	1,706	-	-
Foreign exchange loss	**229**	1,172	-	-
Auditor's remuneration:				
Fees payable to the Charity's auditors:				
- for the audit of the Charity's financial statements	**24**	23	**24**	23
- for the audit of the Charity's subsidiaries	**433**	373	**-**	-
Other non-audit fees	**163**	156	**9**	9

In 2023, the audit fees of the Charity itself were paid by Scott Bader Company Limited.

8. INTEREST PAYABLE AND SIMILAR CHARGES

	Group	
	2024	2023
	£'000	£'000
Interest expense on bank loans and overdrafts	**1,895**	1,370
Interest expense on other loans	**271**	85
Total interest payable and similar charges	**2,166**	1,455

9. EXPENDITURE ON CHARITABLE ACTIVITIES

The Scott Bader Commonwealth Limited has a policy of making grants to organisations and not individuals. Information about the charitable donations (grants) made by The Scott Bader Commonwealth Limited during 2024 is provided below. The amount available to each location in the Scott Bader Group is proportionate to the number of people employed at that location. Grants are recommended by all of the locations where SBCL operates and are submitted via a grant management tool called Optimy, which was introduced to simplify and streamline the grant making process.

The Trustees are aware that some locations prefer to support the same charities year on year, but consider it is acceptable to form long term relationships with the charities that they consider are looking after the welfare of those less fortunate in the communities where they operate.

UK Fund (Glocal Fund)

Charity Name	**2024 £'000**
UK Nomination Scheme	11.6
Baby Basics Northampton (P)	3.0
Cransley Hospice Trust (P)	0.5
Dentaid The Dental Charity (P)	4.0
Earls Barton Primary School (Ed)	1.5
Emmaus Turvey Limited (Ed)	2.4
Energy Sparks (En)	4.0
Fareshare Midlands (P)	2.0
Natural Breaks Limited (P)	4.0
Northampton Hope Centre (P)	2.0
Northampton Mind (Ed)	2.0
Northamptonshire Domestic Abuse Service (P)	3.0
Partnership for Children (Ed)	3.8
Read for Good (P)	3.8
Spencer Contact (P)	3.9
The Northamptonshire Community Foundation (P)	3.1
Teamwork Trust (Ed)	2.0
The Compassionate Friends (Ed)	1.2
The Outward Bound Trust (Ed)	3.6
The Reanella Trust (P)	4.0
Wollaston & Strixton Pre-School (Ed)	2.0
	67.4

In the prior year, the charity made twelve grants to charitable institutions totalling £67.4k under the UK Fund.

Ireland (Glocal Fund)

Charity Name	**2024 £'000**
Barnardo's (Ed)	2.1
Extern Ireland (P)	2.2
	4.3

In the prior year, the charity made two grants to charitable institutions in Ireland totalling £4.3k.

9. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

France (Glocal Fund)

Charity Name	2024 £'000
Small donations	5.9
Association Les Fees Sourires (P)	1.3
Association Secours Populaire (P)	1.3
La Bonne Casse (P)	3.0
For Senegal (P)	3.4
Initi'elles (P)	3.3
Nouvelle Ere (En)	1.2
Maisons D'Accueil I'llot (P)	3.3
	22.7

In the prior year, the charity made ten grants to charitable institutions in France totalling £24.6k.

Croatia (Glocal Fund)

Charity Name	2024 £'000
International Association of Natural Health (Ed)	0.3
Izaberi Zivot (P)	7.3
Mali Zmaj (Ed)	9.9
MS Pilates (Ed)	2.0
	19.5

In the prior year, the charity made three grants to charitable institutions in Croatia totalling £19.0k.

South Africa (Glocal Fund)

Charity Name	2024 £'000
African Wanderers Football Club Academy (Ed)	1.5
Enhalalahahle Creche (Ed)	1.5
Focus On iThemba (Ed)	1.7
Hammarsdale Cato Ridge Development Association (En)	1.7
Hammarsdale Athletics Club (P)	1.5
Lulama Trust (En)	1.5
Okhule Edu-Care Centre (Ed)	1.5
Rally to Read (Ed)	1.5
Starfish Greathearts Foundation (Ed)	1.5
Tholulwazi Creche and Pre-School (Ed)	1.4
	15.3

In the prior year, the charity made ten grants to charitable institutions in South Africa totalling £15.0k.

9. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

Dubai (Glocal Fund)

Charity Name	2024 £'000
MAAN Education & Health Development Organisation (Ed)	5.0
Fazilia Trust Pakistan (Ed)	2.5
Royal Commonwealth Society for the Blind (Ed)	2.5
Ruchika Social Service Organisation (P)	2.5
SOS Children's Village Philippines (Ed)	2.5
The Rainbow Centre Sri Lanka (Ed)	2.5
Trust for the Rehabilitation for the Paralysed (P)	2.5
Marharshi Karve Stree Shikshan Samstha (Ed)	2.5
	22.5

In the prior year, the charity made seven grants to charitable institutions in Dubai totalling £22.7k.

Germany (Glocal Fund)

Charity Name	2024 £'000
Artze Ohne Grenzen (P)	2.8
	2.8

In the prior year, the charity made one grant to a charitable institution in Germany totalling £2.8k.

China & Japan (Glocal Fund)

Charity Name	2024 £'000
Global Giving UK (P)	7.8
	7.8

In the prior year, the charity made one grant to a charitable institution in China totalling £5.0k.

USA (Glocal Fund)

Charity Name	2024 £'000
Nomination Scheme	4.0
Small donations	3.0
	7.0

In the prior year, the charity made five grants to charitable institutions in USA totalling £7.0k.

Spain (Glocal Fund)

Charity Name	2024 £'000
Fundacio Noelia Ninos Contra La Distrofia Muscular (Ed)	3.2
	3.2

In the prior year, the charity made one grant to a charitable institution in Spain totalling £3.0k.

9. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

Czech Republic (Glocal Fund)

Charity Name	2024 £'000
Czech Blind United (Ed)	1.7
Helppes Centrum (Ed)	0.7
Nadace Jedlickova Ustavu (P)	1.4
	3.8

In the prior year, the charity made three grants to charitable institutions in Czech Republic totalling £3.8k.

Canada (Glocal Fund)

Charity Name	2024 £'000
Centre d'ecoute et de Prevention Suicide Drummond (Ed)	1.6
Escadron 607 Drumondville (Ed)	1.5
Fondation Le Tremplin (Ed)	1.6
Fondation Rene Verrier (P)	2.4
La Tablee Populaire (P)	2.4
	9.5

In the prior year, the charity made four grants to charitable institutions in Canada totalling £8.4k.

Australia (Glocal Fund)

Charity Name	2024 £'000
The Wetlands Centre Cockburn (En)	4.0
	4.0

In the prior year, the charity made one grant to a charitable institution in Australia totalling £4.0k.

Turkey (Glocal Fund)

Charity Name	2024 £'000
Turkiye Yesilay Cemiyeti (Ed)	2.7
	2.7

In the prior year, the charity made no grants to charitable institutions in Turkey.

Sweden (Glocal Fund)

Charity Name	2024 £'000
BarncancerFonden (P)	3.0
Falkenbergs Fontanhus (P)	1.0
	4.0

In the prior year, the charity made two grants to charitable institutions in Sweden totalling £3.5k.

9. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

Italy (Glocal Fund)

Charity Name	2024 £'000
Children in Crisis Italy (Ed)	2.8
	2.8

In the prior year, the charity made one grant to a charitable institution in Italy totalling £2.8k.

India (Glocal Fund)

Charity Name	2024 £'000
Carers Worldwide (P)	2.5
Hkm Charitable Foundation (Ed)	6.0
	8.5

In the prior year, the charity made one grant to a charitable institution in India totalling £2.5k.

Research & other Grants

Charity Name	2024 £'000
Christel House Europe (P)	5.0
Jericho Chambers	4.0
Northamptonshire Community Foundation	3.7
The Vayyu Foundation (En)	5.0
SB Inc – Hurricane Relief	2.0
ACF & NCVO Subscriptions	0.7
	20.4

In the prior year, the charity made one research grant to a charitable institution totalling £11.8k.

Godric Bader Fund

Charity Name	2024 £'000
Quaker United Nations Office (QUNO)	7.0
Victoria Centre	0.6
Wollaston Heritage Society	0.4
	8.0

In the prior year, the charity made two grants to charitable institutions under the Godric Bader Fund totalling £8.0k.

Global Impact Fund (previously known as the Centenary Fund)

Charity Name	2024 £'000
Advantage Africa (P)	25.0
EdUKaid (Ed)	25.0
Taste (En)	25.0
The Lewis Foundation (P)	25.0
	100.0

In the prior year, the charity made four grants to charitable institutions under the Centenary Fund totalling £100k.

9. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

Other grants

In the prior year, the charity made two other grants to charitable institutions totalling £5.7k.

	2024	2023
	£'000	£'000
Total direct charitable expenditure (grants payable)	**336**	321
Support costs:		
Governance costs	**167**	14
Other support costs	**186**	-
Total charitable expenditure (Group)	**689**	335
Add: Group cost recharges	**-**	44
Total charitable expenditure (Charity only)	**689**	379

10. TAXATION

The Commonwealth is registered as a Charity and as such is exempt from Corporation Tax. However tax is payable by Scott Bader Company Limited and its subsidiaries. The below notes relate specifically to the SBCL Group tax position.

a) Tax expense included in profit or loss	**2024**	2023
	£'000	£'000
Current tax:		
– UK Corporation tax on profits for the year	**313**	206
– Foreign corporation tax on profits for the year	**554**	1,749
– Adjustment in respect of prior periods	**(134)**	346
Group and total current tax	**733**	2,301
Deferred tax:		
– Change in tax rate	**2**	(136)
– Origination and reversal of timing differences	**242**	(1,334)
– Adjustment in respect of prior periods	**172**	44
Group and total deferred tax	**416**	(1,426)
Group current tax	**733**	2,301
Group deferred tax	**416**	(1,426)
Group tax on (loss)/profit on ordinary activities	**1,149**	875

b) Tax expense included in other comprehensive income	**2024**	2023
	£'000	£'000
Deferred tax:		
– Change in tax rate	**-**	60
– Origination and reversal of timing differences	**245**	955
Total tax credit included in other comprehensive income	**245**	1,015

10. TAXATION (CONTINUED)

(c) Reconciliation of tax charge

The tax assessed for the year is higher (2023: higher) than the standard rate of corporation tax in the UK of 25% (2023: 23.5%). The differences are explained below:	**2024 £'000**	2023 £'000
Total net (expenditure)/income before tax for the financial year	**(4,212)**	738
(Loss)/profit on ordinary activities at standard rate of corporation taxation in the UK: 25% (2023: 23.5%)	**(1,053)**	173
Effects of:		
Foreign subsidiary profits within zero tax rate regime	**(124)**	(704)
Other adjustments in respect of foreign tax rates	**(52)**	(179)
Expenses/(income) not deductible for tax purposes	**178**	317
Unrecognised deferred tax	**2,040**	976
Witholding tax suffered	**120**	38
Re-measurement of deferred tax (change in tax rate)	**3**	(136)
Adjustment in respect of prior periods	**37**	390
Group tax on (loss)/profit on ordinary activities	**1,149**	875

Change in Effective Tax Rate

The Effective Tax Rate (ETR) of the Group (excluding adjustments in respect of prior periods) decreased by 47.8% to 17.1% (2023: 64.9%).

Due to the decrease in the SBCL PBT for the year to a loss before tax of £4,036k (2023: profit £749k), profit mix and local tax rates have a much larger impact on ETR. The impact of profits for Scott Bader Middle East being within a zero tax regime was a decrease in ETR by 3.1% (2023: 94.0%). The impact of other local tax rates outside of the UK on ETR was a decrease in ETR of 1.3% (2023: a decrease of 23.9%). It should be noted that due to the loss before tax, adjustments that decrease the group's tax liability will be shown as having the impact of increasing ETR and adjustments that increase the group's tax liability will be shown as having the impact of decreasing ETR.

Other factors driving the ETR for the year were irrecoverable withholding tax, mainly arising in the UK (reducing ETR by 3.0%) and non-recognition of deferred tax assets (decreasing ETR by 6.0%).

11. ANALYSIS OF STAFF COSTS

The charity employs 3 employees (2023: 3). £176k of staff costs were recharged to SBCW from SBCL in the year (2023: 41k). The following are disclosures for the Group.

	2024	2023
	£'000	£'000
Wages and salaries	**34,654**	34,027
Staff bonuses	**879**	3,323
Other staff benefits	**1,865**	1,729
Social security costs	**4,460**	4,537
Pension costs – current service cost	**2,532**	2,374
Redundancy costs	**1,698**	181
	46,088	46,171

Expenses reimbursed to the Trustees in the year were £4.2k (2023: £3.8k), relating to travel and subsistence for 4 Trustees (2023: 5).

In accordance with normal commercial practice, the Group has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on charity business. It is not possible to quantify the cost of this insurance as it is part of a combined policy. The Trustees of the Charity do not receive remuneration in their role as Trustees of the Charity. Employee elected Trustees (Benjamin Penney, David Black and Juliette Delprat) receive remuneration for their operational roles in the SBCL Group that they are employed, with the amount received noted below for their period as Trustee:

	2024	2023
	£'000	£'000
Basic Salary	**164**	186
Pension contributions and other benefits	**13**	10
Bonuses	**-**	9
	177	205

The remuneration of key management personnel of the Group was £2,506k (2023: £2,157k). This includes Trustees' remuneration noted above. Key management personnel are defined by their involvement within the day-to-day decision making of the Group strategy and comprise of the Group Leadership Team (GLT) and Regional Business Leaders. There are no Trustees to whom retirement benefits are accruing.

11. ANALYSIS OF STAFF COSTS (CONTINUED)

The number of employees whose total employee benefits (excluding employer pension costs) exceeded £60,000 during the year for the charitable group was:

	2024 Number	2023 Number
£60,001 - £70,000	**42**	44
£70,001 - £80,000	**25**	29
£80,001 - £90,000	**16**	13
£90,001 - £100,000	**18**	20
£100,001 - £110,000	**7**	9
£110,001 - £120,000	**7**	10
£120,001 - £130,000	**3**	4
£130,001 - £140,000	**2**	3
£140,001 - £150,000	**4**	5
£150,001 - £160,000	**3**	5
£160,001 - £170,000	**-**	1
£170,001 - £180,000	**2**	2
£180,001 - £190,000	**3**	-
£200,001 - £210,000	**1**	1
£210,001 - £220,000	**1**	-
£250,001 - £260,000	**-**	1
£270,001 - £280,000	**-**	1
£290,001 - £300,000	**1**	-
£330,001 - £340,000	**-**	1
	135	149

The average number of persons employed during the period by geographical area was as follows:

	2024 Number	2023 Number
UK and Eire	**299**	334
Continental Europe	**224**	221
Rest of World	**277**	279
	800	834

The average number of persons employed by the Group by activity was as follows:

	2024 Number	2023 Number
Administration	**137**	141
Research & Development	**52**	52
Manufacturing & Distribution	**494**	524
Sales & Marketing	**117**	117
	800	834

12. INTANGIBLE FIXED ASSETS

Group	Goodwill	Customer lists	Technology	Group Total
	£'000	£'000	£'000	£'000
Cost at 1 January 2024	4,553	1,179	7,793	13,525
Additions	834	-	994	1,828
Reclassifications	-	-	239	239
Disposals	(2,937)	-	-	(2,937)
Difference on exchange	(58)	(17)	(61)	(136)
Cost at 31 December 2024	**2,392**	**1,162**	**8,965**	**12,519**
Accumulated Amortisation at 1 January 2024	1,417	354	1,615	3,386
Charge for the year	80	233	562	875
Disposals	(2)	-	-	(2)
Difference on exchange	(54)	(6)	(13)	(73)
At 31 December 2024	**1,441**	**581**	**2,164**	**4,186**
Net book value at 31 December 2024	**951**	**581**	**6,801**	**8,333**
Net book value at 31 December 2023	3,136	825	6,178	10,139

Assets in the course of construction and on which amortisation has yet to commence are included in the cost of Technology to the value of £3,379k (2023: £2,753k).

Amortisation has been included within expenditure on commercial trading operations.

Goodwill additions represent the purchase of the Group remaining 50% stake in the joint venture Nova Scott. Disposals represent the fair value movement of the contingent consideration associated with the 2022 acquisition of Scott Bader India. The fair value of the contingent consideration is based upon the likelihood of a rolling 12-month target being hit within a 3 year window from the date of acquisition which expires June 2025. The Group assesses, based upon the historical year to date performance and forecasts, the likelihood of the target being met and has adjusted the fair value accordingly. For the year ended 31 December 2024, a reduction in the goodwill of £2,937k to a balance of nil has been recognised (31 December 2023 addition of £2,928k) with a corresponding reduction in corresponding liabilities as the group assess performance conditions are unlikely to be met.

13. TANGIBLE FIXED ASSETS

Group	Land and Buildings		Plant and equipment	Motor vehicles	Total
	Freehold	Short leasehold			
	£'000	£'000	£'000	£'000	£'000
Cost or valuation:					
At 1 January 2024	42,428	5,167	109,414	528	157,537
Additions	155	198	4,252	-	4,605
Disposals	(336)	-	(690)	-	(1,026)
Reclassification	10,190	150	(10,606)	27	(239)
Difference on exchange	(917)	(23)	(1,836)	(1)	(2,777)
At 31 December 2024	**51,520**	**5,492**	**100,534**	**554**	**158,100**
Accumulated Depreciation:					
At 1 January 2024	20,521	3,295	70,509	308	94,633
Charge for the year	916	50	3,620	56	4,642
Disposals	(291)	-	(617)	-	(908)
Difference on exchange	(543)	(400)	(1,312)	6	(2,249)
At 31 December 2024	**20,603**	**2,945**	**72,200**	**370**	**96,118**
Net book value					
At 31 December 2024	**30,917**	**2,547**	**28,334**	**184**	**61,982**
At 31 December 2023	**21,907**	**1,872**	**38,905**	**220**	**62,904**

Assets in the course of construction and on which depreciation has yet to commence are included in the cost of Plant & Equipment to the value of £3,878k (2023: £17,111k). Freehold land of £4,934k (2023: £5,092k) is not depreciated.

14. SUBSIDIARY UNDERTAKINGS

The Parent Charity is the registered holder of the whole of the share capital of Scott Bader Company Limited's 100,000 shares of 50p each. Of these, the Commonwealth holds 10,000 shares on behalf of the Guardian Trustees who have additional responsibilities to their role as Charity Trustees as set out in the Report of the Trustees.

These 10,000 shares are referred to in the Articles of The Scott Bader Commonwealth Limited as Guardian Trustee Shares. Special voting rights in relation to these shares are exercised under Articles 16.2 and 18.2 of the Articles of Association of The Scott Bader Commonwealth Limited. These relate to any resolution to alter the Articles of Association of either The Scott Bader Commonwealth Limited or Scott Bader Company Limited or to dispose of or direct the disposal of any shares in Scott Bader Company Limited.

The shares were given to the Commonwealth in 1951 and 1963 by Ernest Bader and his family in order to place Scott Bader Company Limited in common ownership where it would be directed and managed not only for the benefit of those working in the Company but also for the wider community and for future generations.

Under Article 14 of the Scott Bader Commonwealth Limited articles, the SBCW Board shall have no power to dispose of any Shares in SBCL or any other Subsidiary or to exercise or direct the exercise of the votes or carry out any other responsibilities attached to any such Shares. The SBCW Members and the Guardian Trustees shall exercise such powers and any such other responsibilities in accordance with these Articles.

In September 2023, the Group signed an agreement to purchase the remaining shares of our joint venture in Brazil, Nova Scott, from Anderpol. This will give the group full control over a manufacturing and distribution base in South America to continue its geographic expansion and to be able to serve our global customers and penetrate our chosen markets in Brazil and across the South American continent. This transaction completed in Q2 2024.

14. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Subsidiary undertakings

The Group holds 100% of the issued shares of all subsidiaries in the below table and, except where noted, these are held by SBCL. None of the subsidiaries are listed on a recognised stock exchange and all have been included in the consolidation.

Company	Country of incorporation and principal country of operation	Company Registration Number	Nature of Business	Registered Office
Scott Bader Company Limited [4]	Great Britain	00189141	Corporate Head office	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader UK Limited	Great Britain	4562724	Manufacturer of resins	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader SAS	France	631 720 497	Manufacturer of resins	65 Rue Sully, 80000 Amiens
Scott Bader Middle East Ltd (Incorporated in Jersey) [1]	United Arab Emirates	States of Jersey: Registration No.: 55367 JAFZA: Registration No.: 173909	Manufacture of resins	One The Esplanade, St Helier, Jersey, JE 3QA, Channel Islands
Scott Bader d.o.o. [2]	Croatia	80008643	Manufacture of resins	Radnička cesta 173 i, 10000 Zagreb
Scott Bader (Pty) Ltd[1]	South Africa	1993 000 466 07	Manufacture of resins	1 Lubex Road, PO Box 1539, Hillcrest 3650, Hammarsdale, Kwazulu Natal, South Africa
Scott Bader ATC Inc.	Canada	1168859909	Manufacturer of adhesives	2400, Canadien Street #303, Drummondville (Qc), J2C 7W3, Canada
Scott Bader Scandinavia AB[1]	Sweden	556399-5322	Distributor of resins	BOX 202, 31123 Falkenberg
Scott Bader Eastern Europe[1]	Czech Republic	250 45 580	Distributor of resins	Evropska 2588/33a, Dejvice, 160 00 Praha 6
Scott Bader Iberica SL[1]	Spain	ESB 62948450. Tomo 34949/Folio 0202	Distributor of resins	Avda. Corts Catalanes, 8, 08173 Sant Cugat del Valles-Barcelona
Scott Bader Inc [3]	USA	2310546	Distributor of resins	Registered Agent Solutions, Inc., 9E. Loockerman Street, Suite 311, Dover, DE 19901
Scott Bader (Shanghai) Trading Company Ltd	China	91310000664387 9063	Distributor of resins	Room2402, Hitch Plaza 488 Wuning Road (South) Shanghai China
Scott Bader Japan KK	Japan	3020001128001	Distributor of resins	Nisso Bldg#18, Export Office#708, 3-7-18, Shin-Yokohama, Kohoku-ku, Yokohama, Kaagawa, Japan
Synthetic Resins Limited	Great Britain	00282663	Intermediate holding company	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Boldhelp Limited	Great Britain	03793984	Intermediate holding company	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader Brazil Limited	Great Britain	08549866	Intermediate holding company	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL

14. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Company	Country of incorporation and principal country of operation	Company Registration Number	Nature of Business	Registered Office
Scott Bader North America Inc[1]	USA	2310544	Intermediate holding company	Registered Agent Solutions, Inc., 9E. Loockerman Street, Suite 311, Dover, DE 19901
Scott Bader Community Fund Trustee Limited	Great Britain	01282834	Corporate Trustee	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader Ireland Ltd	Ireland	694646	Distributor of resins	7a Dunboyne Industrial Est, Dunboyne, Co. Meath, Ireland
Scott Bader Australia Pty Ltd[1]	Australia	640312170	Distributor of resins	P.O. Box 1124 Bibra Lake, Western Australia 6965 Australia
Scott Bader Brasil Especialidades Quimicas Limitada	Brazil	32201731807	Manufacturer of resins	Rodovia Gobernador Mario Covas, no 600, sala 48, Lote Tabajara, Serra do Anil, CEP 29.147-030, City of Cariacisa/ES, Brazil
Scott Bader Private Limited	India	U24290MH2022 PTC383674	Distributor of resins	307, Floor-3 Plot-267 A to Z Industrial Estate Ganpatrao Kadam Marg Lower Parel Mumbai, Mumbai City, Maharashtra, 400013, India
Scott Bader Manufacturing Private Limited	India	U24100MH2022 PTC388973	Manufacturer of resins	307, Floor-3 Plot-267 A to Z Industrial Estate Ganpatrao Kadam Marg Lower Parel Mumbai, Mumbai City, Maharashtra, 400013, India
Scott Bader AsiaPac Holdco Pte.Ltd.	Singapore	202209091H	Intermediate holding company	600 North Bridge Road 323-01 Parkview Square 188788 Singapore

[1] held by Synthetic Resins Limited, [2] held by Boldhelp Limited, [3] held by Scott Bader North America Inc, [4] held by Scott Bader Commonwealth Limited

The group holds 80% of the issued shares of the subsidiary in the below table, held by SBCL. This subsidiary is not listed on a recognised stock exchange.

Company	Country of incorporation and principal country of operation	Company Registration Number	Nature of Business	Registered Office
Polymer Mimetics Limited	Great Britain	12598928	Research	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL

The Group's dormant companies have not been listed in the above table.

14. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Joint Ventures

Company	Country of incorporation and principal country of operation	Registered Office
Satyen Scott Bader LLP (JV) previously Satyen Scott Bader Private Limited	India	307, A-Z Industrial Premises G K Marg, Lower Parel Mumbai Mumbai City MH 400013 IN

[1] shares held by Scott Bader Brazil Limited

All joint ventures manufacture and distribute compounded polyester resins and are 50% owned by the group, except where noted above these shares are held directly by SBCL.

Subsidiary results

A summary of the results of the SBCL Group is shown below:

	2024	2023
	£'000	£'000
Turnover	**252,343**	273,344
Other operating income	**822**	461
Direct and indirect overheads	**(256,452)**	(272,563)
Group operating (loss)/profit	**(3,287)**	1,242
Share of operating profit in joint ventures	**47**	221
Total operating (loss)/profit: group and share of joint ventures	**(3,240)**	1,463
Interest receivable and similar income	**1,371**	741
Interest payable and similar charges	**(2,167)**	(1,455)
(Loss)/profit before taxation on ordinary activities	**(4,036)**	749
Taxation on (loss)/profit on ordinary activities	**(1,149)**	(875)
(Loss) for the financial year	**(5,185)**	(126)

A summary of the financial position of the SBCL Group is shown below:

	2024	2023
	£'000	£'000
Fixed assets	**70,315**	73,435
Current assets	**84,328**	98,131
Current liabilities	**(50,780)**	(58,931)
Long term liabilities	**(387)**	(3,531)
Provisions for liabilities	**(8,814)**	(6,472)
Pension asset	**4,453**	4,290
Net assets	**99,115**	106,922
Capital and reserves	**99,115**	106,922

15. INVESTMENTS

	Group Joint Ventures		Group and Charity Investment Property	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Balance at 1 January	**392**	414	**495**	495
Share of profits retained	**46**	221	**-**	-
Dividend received	**-**	(222)	**-**	-
Disposal	**(377)**	-		
Revaluation	**-**	-	**(15)**	-
Difference on foreign exchange	**(61)**	(21)	**-**	-
Balance at 31 December	**-**	392	**480**	495

Investment property historical cost:	**2024**	2023
The investment property is owned by the charity:	**£'000**	£'000
Cost at 1 January and at 31 December	**8**	8

The investment property was valued by an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued, Harwoods Chartered Surveyors & Estate Agents, in June 2024, on the basis of open market value. The valuation was arrived at by reference to the estimated amount for which the asset would be expected to exchange between two independent parties on an arms-length basis using available market evidence and local market knowledge. The Trustees believe that this valuation represents the open market value at 31 December 2024.

In June 2024, the Group signed an agreement to purchase the remaining shares of our joint venture in Brazil, Nova Scott from Anderpol

16. GROUP STOCKS

	2024	2023
	£'000	£'000
Raw materials and consumables	**12,521**	15,651
Finished goods and goods for resale	**15,093**	20,024
	27,614	35,675

There is no material difference between the balance sheet value of stock and its replacement cost.

17. DEBTORS

	Group		Charity	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Trade debtors	**30,936**	32,014	**14**	-
Amounts owed by group undertakings	**-**	-	**-**	316
Corporation tax recoverable	**584**	217	**-**	-
Deferred tax asset	**2,319**	2,207	**-**	-
Other taxation recoverable	**864**	817	**-**	-
Other debtors	**2,031**	1,827	**-**	-
Prepayments and accrued income	**6,789**	7,567	**-**	-
	43,523	44,649	**14**	316

Amounts owed by group undertakings are interest free and repayable on demand.

17. DEBTORS (CONTINUED)

Trade debtors are stated after provisions for impairment of £652k (2023: £305k). Recorded within other debtors is derivative financial instrument with the value of £5k (2023: £101k). Movement in the year was a loss of £13k (2023: loss of £13k). Note 24 provides additional detail.

18. DEBTORS GREATER THAN ONE YEAR

	Group		Charity	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Deferred tax asset	**3,919**	2,058	**-**	-
	3,919	2,058	**-**	-

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts	**10,442**	16,028	**-**	-
Trade creditors	**31,191**	34,234	**14**	-
Amounts owed to group undertakings	**-**	-	**-**	49
Corporation tax	**263**	162	**-**	-
Other taxation and social security	**2,283**	2,140	**-**	-
Other creditors	**1,471**	1,674	**1**	-
Accruals and deferred income	**5,184**	4,380	**40**	-
	50,834	58,618	**55**	49

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2024	2023
	£'000	£'000
Loans		
Within one to two years	**238**	326
Within two to five years	**25**	277
	263	603
Other creditors		
Within one to two years		
	124	-
	124	-
Contingent consideration		
Within two to five years	**-**	2,928
	387	3,531

21. LOANS AND OTHER BORROWINGS

Loans repayable, included within creditors, are analysed as follows:

	Group	
	2024	2023
	£'000	£'000
Due within one year or on demand		
Bank loans and overdrafts	**10,442**	16,028
Due after more than one year		
Bank loans and overdrafts	**263**	603
Total borrowings	**10,705**	16,631
Maturity of financial liabilities:		
In one year or less, or on demand	**10,442**	16,028
In more than one year, but not more than two years	**238**	326
In more than two years, but not more than five years	**25**	277
	10,705	16,631

£3,988k (2023: £7,855k) of Group borrowings are secured by fixed and floating charges over the Group's assets.

The Group's liabilities related to Bank and other borrowings consisting of drawn amounts under a revolving credit facility £3,988k (2023: £7,855k), overdraft balances arising under cash pooling £763k (2023: £2,565k) and utilisation of a UK-based invoice factoring facility £5,379k (2023: £5,282k). These facilities operate in various currencies and are subject to interest rates based on the relevant base rate, with margins ranging from 1.25% to 3.00% and loans of £312k (2023: £326k).

Other Group bank loans

Other bank loans include loans from three French banks which are denominated in Euros and are all repayable by quarterly instalments with the final payments being due in July 2026. The initial total value of loans taken out in 2014 was €4,000k and as at 31 December 2024 the outstanding amount was €630k (£522k). They are all secured by a charge over the Group's trading subsidiary in France. These loans have variable rates and during 2024 they ranged from 0.77% to 5.25% (2023: 0.77% to 5.25%). They are included within the above bank loans across maturity buckets.

The Charity previously provided a loan of £552k to the Group. The loan was unsecured, carried a variable interest rate of 1.25% above SONIA per annum and was payable in 5 instalments with the final payment made in August 2023. The terms of the loan were documented in accordance with the advice of the Commonwealth's solicitors.

22. GROUP PROVISIONS FOR LIABILITIES

Group

	Environmental	Leaving Provisions	Retirement Benefits	Deferred Tax	
	£'000	£'000	£'000	£'000	**£'000**
At 1 January 2024	1,771	2,828	1,620	253	**6,472**
Foreign exchange impact	1	17	-	-	**18**
Amounts charged to the profit and loss account	328	356	(79)	2,089	**2,694**
Amounts used during the year	-	(117)	-	(253)	**(370)**
At 31 December 2024	**2,100**	**3,084**	**1,541**	**2,089**	**8,814**

The provision for deferred taxation is disclosed as a Debtor falling due in 2 to 5 years (Note 18) £3,919k (2023: £2,058k) and Debtor falling due in under 1 year (Note 17) £2,319k (2023: £2,207k) and a provision for liabilities and charges of £2,089k (2023: £253k).

The net deferred tax as disclosed in notes 17, 18 and 22 consists of the following assets/(liabilities):

	2024	2023
	£'000	£'000
Excess of capital allowances over depreciation	**(3,943)**	(3,091)
Short term timing differences	**1,692**	1,164
Post-employment benefits	**(1,113)**	(1,072)
Losses	**7,513**	7,011
	4,149	4,012

Environmental:

The environmental provision was originally established in Scott Bader Company Limited as a future payment for the required restitution of land when the relevant subsidiary companies vacate the premises currently occupied. The provision is expected to be utilised over 10 years although there is no intention to leave any of the affected sites. The provision was estimated using the reports as provided by an independent third-party specialist.

Leaving provisions:

The leaving provision is established in Scott Bader Middle East as a payment based on local requirements when employees leave the business. The provision is expected to be utilised as current employees leave the business between 2025 and 2050.

Retirement benefits:

a) £935k (2023: £1,038k) relates to 'quasi pension' commitments given to former employees. The provision is expected to be utilised over the expected lives of the former employees and their spouses between 2025 and 2042.

b) £606k (2023: £582k) relates to French statutory retirement benefits payable to France based employees of the Group. The provision is expected to be utilised between 2025 and 2039.

23. GROUP POST EMPLOYMENT BENEFITS

(a) Defined benefit scheme

For UK employees, Scott Bader UK operates a defined benefit scheme with assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members' final salary. The plan is administered by an independent Trustee, who is responsible for ensuring that the plan is sufficiently funded to meet current and future obligations. The plan was closed to new entrants in 2006.

The date of the most recent actuarial valuation as at 31 December 2022 revealed a funding shortfall of £2,823k (31 December 2019: shortfall of £4,101k). If the Scheme is in deficit on a Technical Provisions basis calculated by the Scheme Actuary in accordance with the Scheme's Statement of Funding Principles, further contributions are expected into the Scheme through 2024 to a level of £460k p.a. (£38,333.33 per month).

Contributions:

- Potential £460k pa in respect of 1 January 2023 to 31 December 2028
- The proceeds of the Escrow account, which amounted to £464k as at 30 December 2023, have been paid into the Scheme by 31 March 2024

The 31 December 2019 actuarial valuation figures have been updated to the balance sheet in order to assess the additional disclosures required under section 28 of FRS102 as at 31 December 2024. This update was done by an independent qualified actuary, using the following major assumptions:

	2024	2023
Rates of increase in salaries	**n/a**	n/a
Rate of increase in 5% LPI pensions in payment	**3.20%**	3.10%
Rate of increase in 5% LPI pensions with 3.5% underpin in payment	**3.90%**	3.90%
Rate of increase in pensions in deferment	**2.30%**	2.20%
Discount rate	**5.40%**	4.50%
Inflation assumption	**3.30%**	3.20%

Assumed life expectancies on retirement at age 60:		**2024**	2023
		Years	Years
Retiring today	Males	**26.0**	26.0
	Females	**28.8**	28.8
Retiring in 10 years	Males	**26.6**	26.6
	Females	**29.5**	29.6

23. GROUP POST EMPLOYMENT BENEFITS (CONTINUED)

Reconciliation of scheme assets and liabilities:	**Assets £'000**	**Liabilities £'000**	**Total £'000**
At 1 January 2024	**95,519**	**(91,229)**	**4,290**
Remeasurement gains / (losses)			
- Experience (losses) on liabilities	-	89	89
- Changes to demographic assumptions	-	217	217
- Actuarial loss	-	7,504	7,504
- Return on plan assets excluding interest income	(8,791)	-	(8,791)
Net remeasurement gains	(8,791)	7,810	(981)
Benefits paid	(6,278)	6,278	-
Employer contributions	926	-	926
Interest income/(expense)	4,184	(3,966)	218
At 31 December 2024	**85,560**	**(81,107)**	**4,453**

The actual return on plan assets was £4,607k (2023: £4,769k).

The fair values of the plan assets were:	**2024 £'000**	2023 £'000
Equities	**6,946**	5,936
Gilts and LDI funds	**60,781**	67,180
Corporate Bonds	**14,821**	18,007
Cash & net current assets	**3,012**	4,396
	85,560	95,519

(b) Defined contribution schemes

Following the closure of the defined benefit scheme in the UK to new entrants, all employees, in countries where the state pension provision is not considered sufficient, have the opportunity to benefit from a defined contribution scheme provide by their local employer. Outstanding contributions included in creditors as at 31 December 2024 were £185k (2023: £203k).

	Group	
The amount recognised as an expense for these defined contribution schemes was:	**2024 £000**	2023 £000
Current period contributions	**1,491**	1,707

24. FINANCIAL INSTRUMENTS

	Note	Group 2024 £000	2023 £000
Financial assets measured at fair value through profit or loss:			
Derivative financial instruments	17	**5**	101

Group:
Derivative financial instruments – Interest rate swaps
The Group has entered into two interest rate swaps to receive interest at EURIBOR and pay interest at a fixed 1.46/1.49%. The two swaps are based on a principal amount of 3,500,000 EUR, equal to loans held with two French banks, and they mature in 2026/2027 on the same date as the bank loans to which they relate.

The instruments are used to hedge the Group's exposure to interest rate movements on the two bank loans. The fair value of the interest rate swaps is £5k (2023: asset of £19k).

Cash flows on both the loan and the interest rate swaps are paid quarterly until 2026/2027. During the financial year, a hedging loss of £13k (2023: loss of £13k) was recognised in other comprehensive income for changes in the fair value of the interest rate swap.

25. ANALYSIS OF MOVEMENT IN FUNDS

GROUP	**Fair Value Reserve (Designated Fund) £000**	**Unrestricted income funds £000**	**Non – Controlling interest £000**	**Total £000**
At 1 January 2023	487	113,554	52	114,093
Income	-	274,554	-	274,554
Expenditure	-	(274,037)	-	(274,037)
Share of net income from joint ventures	-	190	31	221
Tax payable	-	(875)	-	(875)
(Losses)	-	(5,109)	-	(5,109)
At 1 January 2024	487	108,277	83	108,847
Income	-	254,580	-	254,580
Expenditure	-	(258,838)	-	(258,838)
Share of net income from joint ventures	-	28	18	46
Tax payable	-	(1,149)	-	(1,149)
(Losses)	(15)	(2,622)	-	(2,637)
At 31 December 2024	**472**	**100,276**	**101**	**100,849**

Fair Value Reserve (Designated Fund)

The Fair Value Reserve is a designated fund relating to the fair value movements on the investment property meaning that the fund cannot be distributed unless the properties are sold or the Directors are first assured that the investment property maintains at least its previous market value.

25. ANALYSIS OF MOVEMENT IN FUNDS (CONTINUED)

CHARITY	Fair Value Reserve (Designated fund) £000	Unrestricted income funds £000	Non – Controlling interest £000	Total £000
At 1 January 2023	487	1,450	-	1,937
Income	-	367	-	367
Expenditure	-	(379)	-	(379)
At 1 January 2024	487	1,438	-	1,925
Income	-	513	-	513
Expenditure	-	(689)	-	(689)
(Losses)	(15)	-	-	(15)
At 31 December 2024	**472**	**1,262**	**-**	**1,734**

ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP For the year ended 31 December 2024	Fair Value Reserve (Designated fund) £000	Unrestricted income funds £000	Non – Controlling interest £000	Total £000
Intangible fixed assets	-	8,333	-	8,333
Tangible fixed assets	-	61,982	-	61,982
Investments	472	8	-	480
Net current assets	-	34,701	101	34,802
Long term liabilities	-	(387)	-	(387)
Provisions	-	(8,814)	-	(8,814)
Pension asset	-	4,453	-	4,453
	472	**100,276**	**101**	**100,849**

CHARITY For the year ended 31 December 2024	Fair Value Reserve (Designated fund) £000	Unrestricted income funds £000	Non – Controlling interest £000	Total £000
Investments	472	8	-	480
Net current assets	-	1,254	-	1,254
	472	**1,262**	**-**	**1,734**

GROUP For the year ended 31 December 2023	Fair Value Reserve (Designated fund) £000	Unrestricted income funds £000	Non – Controlling interest £000	Total £000
Intangible fixed assets	-	10,139	-	10,139
Tangible fixed assets	-	62,904	-	62,904
Investments	487	400	-	887
Net current assets	-	40,547	83	40,630
Long term liabilities	-	(3,531)	-	(3,531)
Provisions	-	(6,472)	-	(6,472)
Pension asset	-	4,290	-	4,290
	487	**108,277**	**83**	**108,847**

25. ANALYSIS OF MOVEMENT IN FUNDS (CONTINUED)

CHARITY For the year ended 31 December 2023	Fair Value Reserve (Designated fund) £000	Unrestricted income funds £000	Non – Controlling interest £000	Total £000
Investments	487	8	-	495
Net current assets	-	1,430	-	1,430
	487	**1,438**	**-**	**1,925**

26. NOTES TO THE STATEMENT OF CASH FLOWS

a) Reconciliation of net expenditure to net cash provided by operating activities

	2024 £'000	2023 £'000
Net expenditure for the reporting period (as per the statement of financial activities)	**(5,376)**	(137)
Adjustments for:		
Interest payable	**2,166**	1,455
Interest receivable	**(1,381)**	(760)
Rental income received	**(27)**	(34)
Taxation	**1,149**	875
Share of operating profit in joint ventures	**(46)**	(221)
Profit on disposal of fixed assets	**(436)**	(8)
Depreciation and amortisation	**5,517**	6,621
Impairment	**15**	-
Exchange difference	**(838)**	(536)
Contributions to UK defined benefit pension scheme	**(926)**	(460)
Decrease in stocks	**8,235**	2,604
Decrease in debtors	**2,563**	6,093
Decrease in creditors	**(2,935)**	(3,332)
Increase in provisions	**691**	244
Net cash provided by operating activities	**8,371**	12,404

b) Analysis of changes in net funds/(debt)

Group	At 1 January 2024	Cash flows	Non-cash flows	Exchange rate movement	At 31 December 2024
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cash and cash equivalents:					
Cash	**16,866**	(6,486)	-	**-**	**10,380**
Overdraft	**(7,847)**	1,705	-	**-**	**(6,142)**
	9,019	(4,781)	-	**-**	**4,238**
Borrowings:					
Borrowings - repayable within one year	**(8,181)**	4,343	(340)	(122)	**(4,300)**
Borrowings - repayable after one year	**(603)**	-	340	-	**(263)**
	(8,784)	4,343	-	(122)	**(4,563)**
Net funds/(debt)	**235**	(438)	-	(122)	**(325)**

27. GROUP CONTINGENT LIABILITIES

Group:

Pension Scheme Funding: Scott Bader Company Limited entered into a guarantee in March 2007 with Scott Bader Pension Scheme Trustees Limited whereby the Company guaranteed that the Scott Bader UK Limited pension scheme would be 105% funded on an S179 valuation should the principal employer, Scott Bader UK Limited, fail to fulfil its agreed obligations to the Pension Trustees.

28. GROUP CAPITAL AND OTHER COMMITMENTS

a) Contracts for future capital expenditure not provided in the financial statements – Property, plant and equipment	**Group 2024 £'000**	Group 2023 £'000
No expenditure has been incurred although contracts have been placed	**389**	1,238

b) future minimum lease payments under non-cancellable operating leases for each of the following periods:	**Group 2024 £'000**	Group 2023 £'000
Not later than one year	**2,113**	1,566
Later than one year and not later than five years	**4,404**	3,501
Later than five years	**615**	1,270
	7,132	6,337

The Charity has Nil capital or operating lease commitments at 31 December 2024 (2023: Nil).

29. RELATED PARTIES

Group

The Company received dividends from Satyen Scott Bader LLP of £36k (2023: £222k), the Group's joint venture which is currently undergoing liquidation proceedings, during the year. At the year-end £Nil (2023: £nil) was outstanding.

Revenue in relation to the share of profit in joint ventures of £47k (2023: £221k) has been recognised in the statement of financial activities of the Group.

The Group has provided a capital contribution to Polymer Mimetics Limited of £2,297k (2023: £1,857k).

Charity

The Commonwealth received a donation from SBCL in the amount of £466k (2023: £316k). In addition, the Commonwealth reimbursed SBCL, at cost, for management services provided in the year of £176k (2023: £41k). The net year-end balance of money owed by Scott Bader Company Limited to The Scott Bader Commonwealth Limited was £Nil (2023: £275k).

30. LEGAL STATUS OF THE SCOTT BADER COMMONWEALTH LIMITED

The Scott Bader Commonwealth Limited is a company limited by guarantee without shares and a registered Charity. The liability of each member in the event of winding up is limited to 5p.

31. ACQUISITION OF NOVA SCOTT ESPECIALIDADES QUIMICAS LIMITADA

In September 2023 the Group signed a Quota Purchase and Sale Agreement and Other Covenants (QPA) to effectively acquire 100% control of its Brazilian Joint Venture Nova Scott and associated manufacturing assets from the JV partner Anderpol and its direct subsidiaries. This completed on 4 June 2024.

Details of the purchase consideration, the net assets acquired and the goodwill are as follows:

	Fair value BRL'000	Fair value £'000
Tangible assets	1,514	227
Cash and Cash Equivalents	6,285	942
Debtors	3,609	541
Inventory	1,158	174
Deferred Tax Asset	2,021	303
Other Assets	260	39
Total assets	**14,848**	**2,226**
Creditors	(3,891)	(583)
Long Term Creditors	(961)	(144)
Total liabilities	**(4,852)**	**(727)**
Net assets acquired	**9,996**	**1,498**
Goodwill	5,564	834
Total consideration	**15,560**	**2,332**
Satisfied by:		
Cash	12,002	1,799
Cost of existing 50% shares in Nova Scott	1,762	264
Directly attributable costs	1,796	269
Total consideration	**15,560**	**2,332**

The useful life of goodwill has been estimated to be 10 years. The acquisition will be accounted for using the Purchase Method.

Revenue and profit contribution

The acquired business contributed revenues of £1,526k and net profit/(loss) of £92k to the Group for the period from 4th June 2024 to 31 December 2024

THE SCOTT BADER COMMONWEALTH LIMITED

England & Wales - Charity number 206391

Accounts

Company registration number: 496082
Charity registration number: 206391

THE SCOTT BADER COMMONWEALTH LIMITED

FINANCIAL STATEMENTS

For the year ended

31 DECEMBER 2023

THE SCOTT BADER COMMONWEALTH LIMITED

COMPANY INFORMATION

For the year ended 31 December 2023

Company registration number:	496082
Charity registered number:	206391
Registered office:	Wollaston Hall Wollaston Wellingborough Northamptonshire NN29 7RL
Board of Trustees:	Agne Bengtsson Benjamin Penney David Black Gillian Shapiro Harry Manning Juliette Delprat Paul Smith Richard Tapp
Company Secretary:	Hayley Sutherland
Solicitors	HCR Hewitsons Lancaster House Nunn Mills Road, Northampton, Northamptonshire NN1 5GE Shoosmiths The Lakes Northampton NN4 7SH
Bankers	Unity Trust Bank Plc 4 Brindley Place, Brunswick Street Birmingham B1 2JF CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ Scottish Widows PO Box 883 Leeds LS1 9TY

THE SCOTT BADER COMMONWEALTH LIMITED

COMPANY INFORMATION

For the year ended 31 December 2023

Auditor	RSM UK Audit LLP Rivermead House 7 Lewis Court Grove Park Leicester Leicestershire LE19 1SD

THE SCOTT BADER COMMONWEALTH LIMITED

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The Trustees who are also the Directors of the charity present their Annual Report and the Group and Charity Accounts of The Scott Bader Commonwealth Limited (the **Charity**), for the year ended 31 December 2023. The annual report serves the purpose of both a Trustees' report, and a directors' report and a strategic report under Company Law.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (January 2019).

STRUCTURE, GOVERNANCE and MANAGEMENT

Scott Bader Company Limited (SBCL) was founded in the 1920s by Ernest Bader as a chemicals business. In 1951, Ernest Bader and others transferred the ownership of the shares in SBCL to Scott Bader Commonwealth Limited (SBCW), which is a company limited by guarantee, a registered charity and a membership organisation. The holding of the shares of SBCL is now known as a programme related investment. The reason behind this transfer was to create a company whose well-being is entrusted to those who work in it, with democratic involvement.

When colleagues join SBCL they are Associate Members of the Commonwealth and following the successful completion of a year's service they are invited to apply to become a full Commonwealth Member. This means that they become a member, holding in common with other members, the shares of SBCL.

SBCW is unique in that it has no external shareholders, and instead, the wealth is held in common by Commonwealth Members. It's important to understand the relationship between SBCW and SBCL and its subsidiaries when reading these accounts. Everyone who works for the company is responsible for ensuring that it continues to exist in the long term for current and future generations. While profitability is important to ensure that SBCL can continue to operate, adherence to the Guiding Principles and how that profit is achieved is paramount. Additionally, the Scott Bader Constitution which is a combination of the Articles of Association of SBCW, SBCL and the Global Members Board includes a provision to ensure that the Company is not run solely for the benefit of its colleagues. An amount equal to the amount payable as Group Staff Bonus or 1% of the Scott Bader Group Staff Salary Cost, whichever is greater, shall be paid by way of donation or otherwise to SBCW for charitable purposes.

The Objects of SBCW are:

(a) The promotion of ethical principles in industry with a view to ensuring the discharge by persons engaged in industry of their social obligations for the welfare of the communities within which they operate; and

(b) the promotion of "**sustainable development**" for the benefit of the public by the preservation, conservation and the protection of the environment and the prudent use of natural resources and the promotion of sustainable means of achieving economic growth and regeneration and for the purposes of this sub-clause "sustainable development" shall mean development that meets the needs of the present without compromising the abilities of future generations to meet their own needs.

The democratic governance structure enables the achievement of the above objectives in two ways:

1. Commonwealth Members can stand for election to the governance groups listed below and
2. By providing grants to charities and other not-for-profit organisations locally, nationally, and internationally.

Governance

SBCW is governed by the Commonwealth Board ('CWB'). It comprises of three internally elected Trustees and five externally appointed Guardian Trustees (Guardians of the Constitution who have special voting rights). The Company Member (Paul Smith – SBCW Trustee), who is also the Chair of the SBCL Board, is also part of the CWB. The CWB is responsible for safeguarding the core values and Guiding Principles of SBCW Group. It ensures that the business is conducted in line with these principles and promotes the long-term sustainable success of SBCL. Additionally, the CWB ensures that the Charity is run in accordance with Charity law.

The CWB does not get involved in the day-to-day running of the business but is consulted on topics such as future business strategies, acquisitions, and the distribution of profits. The CWB also monitors the development of industrial democracy within the SBCL group to ensure it is:

- Governed effectively and operates in accordance with the Guiding Principles

- that the members are actively involved in the success of the business and that the community is strong and healthy and
- Supports SBCW in fulfilling the charitable objectives.

The Board of Directors of SBCL is responsible for directing the affairs of SBCL in line with its values, using a clear strategy, strong stewardship, and effective controls, to meet the expectations and interests of its shareholders and key stakeholders. The SBCL Board consists of 9 Directors, 3 Executive Directors of SBCL (including the SBCL CEO, Kevin Matthews); 3 Non-Executive Directors; and 3 Member Directors, The CEO, Kevin Matthews, CFO, Neil Miller and the wider Group Leadership Team have responsibility for the management of the SBCL Group.

The Global Members' Board (GMB) – This is the international democratic body that represents all Commonwealth Members, comprised of 12-14 elected representatives, the Chair of SBCL and its own full time Chair. The purpose of the GMB is to lead our international and industrial democracy, give voice to the SBCW Membership and hold the Subsidiary Boards to account for the development and execution of their Strategies according to the Guiding Principles. The GMB aims to be a diverse and inclusive body that fairly represents the interests of all SBCW Members.

Each of these governance groups has its respective role to play as defined in their articles or associated rules. Each share information to support the strategic direction of the business. In addition, the Guardian Trustees attend the SBCL and GMB meetings as observers, which enables them to monitor, on behalf of the CWB, that the business is managed in accordance with the Guiding Principles as set out in the Constitution. This is a major contributing factor to Scott Bader achieving its charitable objectives.

Details of the Trustees who served throughout the year and to the date these accounts are approved are included below:

Andrew Bell (resigned 30 November 2023)
Agne Bengtsson
Benjamin Penney (appointed 1 April 2023)
David Black
David Harris (resigned 6 October 2023)
Gillian Shapiro (appointed 1 May 2023)
Hansi Manning (resigned 31 December 2023)
Harry Manning (appointed 12 February 2024)
Jessica Clark (resigned 31 March 2023)
Juliette Delprat (appointed 7 October 2023)
Paul Smith
Richard Tapp
Robert Gibson (resigned 31 March 2023)

Management

The Commonwealth Office is responsible for the day-to-day activities of SBCW and will take external advice when required. Additionally, there is a Charity Sub-Committee that decides which charities to support and authorises the payment of grants. This Sub-Committee is required to report to the CWB on a quarterly basis regarding the decisions taken.

Other sub-committees are formed on a needs basis to deal with issues that may arise.

Method of recruitment and appointment or election of Trustees

The External Guardian Trustees are selected by a Joint Nomination Committee (JNC), which is comprised of members from the CWB, GMB, and SBCL Board. One of the Guardian Trustees is nominated by the Bader family. If the Bader family is unable or unwilling to nominate its Trustee, the current family nominee shall remain in post by invitation of the CWB. All candidates are provided with an explanation of the aims and objectives of the role and the time commitment involved in being a Guardian Trustee. The JNC is responsible for identifying and nominating candidates to fill the Guardian Trustee role. Appointments and removals are made by resolutions of both the SBCL Board and the CWB and are subject to approval by the GMB. Upon appointment, they are confirmed as a Commonwealth Member.

In relation to Internally Elected Trustees, nominations for these positions are sought from the SBCW membership and vacancies are filled by election administered by the Commonwealth Office. Each Internally Elected Director shall serve for a term of three years and, at the end of such term, shall be eligible for re-election for one further term of three years. Each Guardian Trustee shall serve for a term of three years and, at the end of such term, shall be eligible for re-nomination for two further terms of three years.

Policies and procedures adopted for the induction and training of Trustees

All Trustees, (appointed or elected) are provided with a handbook which contains information relating to their duties as a charity Trustee, charity policies, financial reports, previous meeting minutes, and the articles of association for SBCW, SBCL and the rules of the GMB. In addition to this a specific induction plan is designed to meet the needs of the individual to give them a more detailed understanding of how the Charity operates; the businesses and strategy of SBCL and how the governance works.

Periodic formal training on the responsibilities of being a Trustee is provided and was previously provided by the Employee Ownership Association in January 2022. Trustees are also encouraged to identify any specific training needs they require.

Arrangements for setting pay and remuneration of key management personnel

Although the three internally Elected Directors are employed by SBCL, or one of its subsidiaries, none of the Trustees receive any remuneration for their work for as a Trustee of the Charity.

Key management personnel remuneration is set by the SBCL remuneration committee, for colleagues employed by SBCL only and is paid in line with best practice. An external Executive Salary Benchmark Review, conducted by Willis Towers Watson was completed prior to the 2022 Salary review.

Members' liability

The liability of the SBCW Members is limited. Every SBCW Member undertakes to contribute to the assets of SBCW in the event of the same being wound up during the time that they are a member, or within one year afterwards, for payment of the debts and liabilities of SBCW contracted before the time when they ceased to be a member, and of the costs, charges and expenses of winding up the same, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding five pence.

Trustees' indemnities

The Trustees (who are the directors of The Scott Bader Commonwealth Limited) are insured against the costs of successfully defending any actions brought for negligence in the performance of their duties as Directors.

Public benefit

To check that the charities we support meet the public benefit requirement, the Trustees decided it would be prudent to include a section within the online application form requesting applicants to provide a short summary of how they meet this requirement.

To ensure ongoing awareness of the Charity Commission's guidance on public benefit all Trustees are provided with information about this in their handbook.

Having regard to this guidance the Trustees consider Public Benefit at two levels 1) in relation to the shareholding in SBCL and 2) the activities of the Charity.

Engagement with employees, suppliers, customers and others in a business relationship with the charity

Ernest Bader established Scott Bader Commonwealth Limited to be a force for good in society. We are driven to make a difference and create social impact, using the skills and resources within the group to support where help is needed. We support our communities via a number of ways as highlighted throughout this report with the ambition to improve the lives of those most vulnerable and enabling our colleagues the opportunity to make a difference locally.

Our core values remain at the heart of the Group to ensure we work co-operatively and collaboratively with our colleagues and customers to deliver excellence, and to conduct ourselves in a fair, honest and ethical way.

SBCW is mindful of its broader commitments to stakeholders. Internally this includes consulting with colleagues on significant decisions, the employment of disabled persons, offering equal opportunities to all, as well as ensuring we work co-operatively and collaboratively. Externally this commitment covers broader corporate responsibility, the conduct of business with honesty, integrity, and fairness at all times, and also our impact on the environment.

Industrial democratic practice is a major part of colleague engagement, and all those who work in the Company are consulted on decisions that may affect their interests in accordance with Scott Bader's Constitution. It is the policy of Scott Bader that colleague participation in decision making is implemented at all levels.

Related parties, Connected Charities and co-operation with other organisations

1. **Related Parties**:

   Scott Bader Commonwealth Limited maintains transparent and ethical relationships with related parties. These may include charities, subsidiaries, associates, joint ventures, and other entities connected to their operations.

2. **Connected Charities**:

   Scott Bader Commonwealth Limited's unique ownership structure, where all shares are held by a charitable trust (the Commonwealth), inherently aligns with charitable objectives. The company actively collaborates with connected charities, supporting causes related to education, social welfare, and community development. Their contributions extend beyond profit-making, emphasising a broader societal impact.

3. **Cooperation with Other Organisations**:

   Scott Bader Commonwealth Limited recognises the power of collaboration. They actively engage with other organisations, both within and outside their industry. Whether through research partnerships, knowledge sharing, or joint initiatives, Scott Bader seeks to create synergies that benefit all stakeholders. Their cooperative spirit contributes to innovation, sustainability, and positive change.

In summary, Scott Bader Commonwealth Limited's approach to related parties, connected charities, and cooperation exemplifies their commitment to ethical business practices and societal well-being.

Environmental Care

SBCW Group meets the definition of a 'large' consolidated group and therefore should apply the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations"). However, as a stand-alone company, SBCW does not meet the relevant criteria as it falls below the 40,000kWh threshold. As the SBCL Group qualify at a group level, the information disclosed below is for SBCL Group only.

In 2020, we established a baseline year for our Scope 1 and Scope 2 carbon footprint, making a commitment to reduce this by 60% over a 5-year period and targeting net-zero by 2028. Our EESG Board Committee has worked toward targets and goals for the business to drive this change and to re-focus our efforts.

We have built awareness in sustainability throughout the business by rolling out biodiversity footprint training and carbon literacy training for board members and members of the EESG Board Committee. We have driven change in our sustainability goals at our logistics hubs and created an internal team to assess and begin work on LCA/EPD for our products.

We now purchase green energy for our six operating manufacturing sites, with a seventh site being opened toward the end of 2023 which will be included in future green energy purchases; the management of the green energy will also move to encompass our scope 1 emissions, with a solution for biogas purchasing being considered for EU sites initially.

2023

ENERGY CONSUMPTION	SBCL GROUP	
	LOCATION BASED	MARKET BASED
Non-Renewable (GJ)	177,510	130,861
Renewable (GJ)	4,157	38,426
Total (GJ)	181,667	

GREENHOUSE GAS EMISSIONS	SBCL GROUP	
Scope 1 ($TeCO_2e$)	7,436	7,436
Scope 2 ($TeCO_2e$)	3,640	504
Scope 1 and Scope 2 ($TeCO_2e$)	11,076	7,940

INTENSITY FACTOR		SBCL GROUP
Energy Intensity	MJ/Te of product	1,454
	GJ/full time employee	218
	MJ/£000's revenue	663
Carbon Intensity (market based)	$kgCO_2e$/Te of product	63.6
	$TeCO_2e$/full time employee	9.5
	$kgCO_2e$/£000's revenue	29.0

2022

ENERGY CONSUMPTION	SBCL GROUP	
	LOCATION BASED	MARKET BASED
Non-Renewable (GJ)	177,842	128,628
Renewable (GJ)	3,683	41,230
Total (GJ)	181,525	

GREENHOUSE GAS EMISSIONS	SBCL GROUP	
Scope 1 ($TeCO_2e$)	7,166	7,166
Scope 2 ($TeCO_2e$)	3,839	577
Scope 1 and Scope 2 ($TeCO_2e$)	11,005	7,743

INTENSITY FACTOR		SBCL GROUP
Energy Intensity	MJ/Te of product	1,438
	GJ/full time employee	225
	MJ/£000's revenue	595
Carbon Intensity (market based)	$kgCO_2e$/Te of product	61
	$TeCO_2e$/full time employee	10
	$kgCO_2e$/£000's revenue	25

Diversity and inclusion

Diversity, inclusion and mutual respect was added to our Guiding Principles during the recent Constitution review where Scott Bader aims to provide an inclusive, diverse and mutually respectful culture and environment where everyone is treated equally and given equal opportunities regardless of their race, age, gender, sexuality, disability, culture or individual differences through all stages of the colleague lifecycle from recruitment, through onboarding, training and development. To help achieve and monitor this, the business gained certification to ISO 30415 in 2023.

As part of this process a Diversity & Inclusion Council has been formed, made up of colleagues from around the group to help define, review and continually improve our policies, practices and behaviours in this field going forward.

A Diversity & Inclusion Policy and Framework has been shared with all the governance groups, which have all approved and committed to fully support our implementation of a fully diverse and inclusive environment for all.

Employee, Environment, Social & Governance Committee (EESG Committee)

The EESG Committee is supported by an executive EESG Steering group with membership drawn from across the global Scott Bader Group, including representation from both Global Members Board (GMB) & The Scott Bader Commonwealth Limited, to work closely with the EESG Board Committee, inform the Committee's work and to support execution against its objectives.

During the year, the EESG Steering group held six meetings and the Board EESG Committee held one formal meeting.

The EESG Steering Team has formed four working groups, that each address either Employee, Environment, Social & Governance issues. The working groups have identified measures for a focused number of strategic objectives and are working closing with a sponsoring senior executive.

It is anticipated that attainment of these stretching but achievable EESG targets over the next 2-3 years will enable the organisation to move forward and ultimately meet the 2036 vision.

Engagement with employees (including disabled persons)

Industrial democratic practice is a major part of colleague engagement, and all those who work within the SBCL Group are consulted on decisions that may affect their interests in accordance with Scott Bader's Constitution. It is the policy of Scott Bader that colleague participation in decision making is implemented at all levels. Recognising that access to appropriate information is a prerequisite to effective participation and consultation, the Group's monthly financial results and full year forecasts are shared with Commonwealth members and colleagues.

The Group Leadership Team deliver a monthly briefing highlighting key performance or business challenges to members. In addition, a quarterly webinar has been introduced that allows all colleagues to attend to receive an update on company performance and to ask questions.

Membership of The Scott Bader Commonwealth is open to all who work on a permanent basis within the Group and who make a commitment to work according to the values expressed in the Constitution.

Members also have the right to elect three of their number, including the Chair of the Global Members Board, to serve for three years as members of the Board of Directors of SBCL.

It is the Group's policy to offer equal opportunities to disabled persons applying for vacancies, having regard to their aptitudes and abilities in relation to the posts for which they apply.

As far as possible, arrangements are made to continue the employment of those colleagues who have become disabled persons during their employment within the Group. In all instances, consideration will be given to arranging training facilities, or providing special aids, where necessary. It is the Group's policy to provide disabled persons with the same opportunities for training, career development and promotion that are available to all colleagues, having consideration to their aptitudes and abilities.

Scott Bader remains committed to offering equal opportunities to all and secured an ISO accreditation in Diversity and Inclusion in 2023. When a vacancy arises, it is the Group's policy to consider all applications, in determining the best fit for the role. This requires an assessment based on skills, knowledge, experience and alignment to the core values.

Involvement of Commonwealth Members

- **The Matched Funding Scheme** In 2023, the Matched Funding Scheme provided by SBCL and administered by the Commonwealth Office reached approximately £15k. Over 22 charities received double the amount they would have received due to SBCL matching the amounts raised £1 for £1. This marks a slight decrease compared to 2022 where £19.5k was raised. It's worth noting that more companies outside of the UK are now participating in this scheme. There are plans to promote this scheme globally to encourage more colleagues to participate.

- **Volunteering** – SBCL supports its local communities, through a volunteering scheme. All colleagues are granted an additional day's paid leave to volunteer for a not for profit/charitable organisation. The scheme enables colleagues to build relationships and connect with their local communities in support of its wider social purpose.

In 2023, our HR Oracle platform recorded 536 volunteering hours. Additionally, 546 hours were recorded for colleagues who continued to support a local charity based within Keep House in their own time, which is led by the Commonwealth

Office. This marks an increase of over 70% compared to the previous year. We plan to continue this upward trend so that 90% of all colleagues are using their volunteering days for 2024.

Some of the activities undertaken by our colleagues are shown below.

Ecology:

- Recycling activities (UK)
- Litter picking (UK)

Business:

- Attending careers events at Schools and Colleges providing careers advice and guidance (UK)
- Supporting individuals with CV and interview skills (UK)

Humanity:

- Sewing knitted blankets together to be delivered to local care homes (UK)
- Took part in local running event to raise awareness and funds for cancer treatment (Croatia)

The Trustees are of the opinion that the self-governing representative structure of Scott Bader is of public benefit because wherever it operates colleagues know that the company must:

a. Contribute to the stability and economic growth locally, nationally, and internationally.
b. Take steps to minimise the effects of the business on the environment.
c. Support its local communities via charitable giving and volunteering.
d. Be an exemplar of an alternative way to run a business.

STRATEGIC REPORT

Objectives, Strategies and Activities of SBCW (the Charity)

As mentioned above the objects of the Charity are:

1) The promotion of ethical principles in industry with a view to ensuring the discharge by persons engaged in industry of their social obligations for the welfare of the communities within which they operate.
2) The promotion of sustainable development for the benefit of the public by the preservation, conservation and the protection of the environment by the prudent use of natural resources and the promotion of sustainable means of achieving economic growth and regeneration.

Achievements and Performance against the Objectives set - Grant-making

The Scott Bader Commonwealth Limited (SBCW) receives its income through a donation of profits from the individuals employed by the Scott Bader Group. This income is used to make grants to charitable organisations around the world whose purposes are in line with the Charitable objects. The Trustees annually approve the grant-giving policy and budget.

The SBCW's main source of income is by payment of a donation from SBCL. There is a provision in the Articles of Association of SBCL to ensure that there is a minimum amount paid to the Charity each year (staff bonus or 1% of the annual staff salary cost of the Scott Bader Group, whichever is greater). This would not be considered a major risk to SBCW

unless the performance of the Company becomes so precarious that payment of the donation might threaten the very existence of the Scott Bader Group.

The Charity Committee oversees the grant-giving on behalf of the Commonwealth Board (CWB). The Committee meets every three months to select the charities to support and the funding amount for each charity. The Committee reports its decisions to the CWB quarterly.

Charities can learn about funding opportunities from SBCW through networking, referrals from previous recipients, and information on the Scott Bader website.

SBCW does not generally fund requests that support animals, individuals in need, travel and adventure schemes, art projects, sports clubs, general appeals, or building construction in the UK.

Prospective applicants must submit their funding applications through a grant management tool called OPTIMY. This tool helps simplify and streamline the grant-making process.

In 2023, SBCW had four application cycles for its grants and received about 290 applications during the year, similar to about 300 in 2022.

After assessing the applications, SBCW made grants totalling £321k in 2023 compared to £382k in 2022.

SBCW aims to ensure that grants are used effectively and for the intended charitable purposes. We keep formal reporting requirements simple and proportionate and share the information received with the Charity Committee. We also meet with grantees and potential grantees occasionally to strengthen networking and to help the Charity learn more about the specific subject areas or reflect on its own practice and priorities.

SBCW is also a member of the Association of Charitable Foundations (ACF) and National Council for Voluntary Organisations (NCVO). Both organisations provide training courses and helpful information on good practice.

At 31 December 2023, SBCW had net assets of £1,925k (2022: £1,937k).

The grant programme areas run during 2023 are summarised below. A breakdown of the amount spent under each of these programme areas is provided in note 9.

Glocal Funds

A budget is set for all the companies in the Scott Bader Group. The allocation is currently determined as a set figure per site with an additional sum proportionate to the number of Commonwealth Members at each location. Each location can determine how they wish to utilise their allocation provided it complies with the Charity Policy and is approved by the Charity Committee of the Commonwealth Board.

To help prospective applicants, we guide them to apply for funding for projects that enable them to support social and environmental issues important to where they are situated. Some locations choose to run a Nomination Scheme whereby each Commonwealth Member has an allocation to nominate to a charity (or charities) of their choice. The areas of intervention can vary for this but tend to cover the following Youth Well-being, Disability, Education, Disadvantage, and Health.

The Centenary Fund

This fund was launched in 2022 and was in celebration of the Company's 100th anniversary in 2021. This fund was to support four large community-based projects with £25,000 each. The projects submitted had to meet the following criteria.

- To help people to help themselves and give them a sense of dignity and self-respect.
- To respond to the needs of people who are most underprivileged/disadvantaged and
- Enabled us to support local communities to whom we have a special responsibility as a neighbour and employer.

The review process for this fund was completed in 2022 and six projects were selected for our members to vote on their preferred four projects. The voting process took place in Q1 of 2023 and the four successful charities that were awarded the grants were:

- The Mud House Children's Foundation – This project was to improve the health, welfare, and education chances of Maasai children and their families in Northern Tanzania by building a bore hole and water well.

- Hands Off Foundation - Based in Melbourne, Australia. This project was to provide "new start in life" care packs to support disadvantaged individuals with a new life.
- Careers Worldwide – This project was to address the social, mental, physical, and economic needs of the family carers across India, Nepal, and Bangladesh. Carers Worldwide will establish a sustainable income-generating training and support programme for unpaid family carers in the Bagalkot District of India.
- Karen Hilltribes Trust - This project was to transform the community health of two marginalised and isolated Karen villages, in Northern Thailand by improving water and sanitation systems which will reduce disease, water poverty, and protect human dignity.

Godric Bader Fund

A budget is set annually.

This fund is used to support charities chosen by the Bader family. Three charities received grants, totalling £8,000 in 2023 and £7,500 in 2022.

Research Grants & Other donations

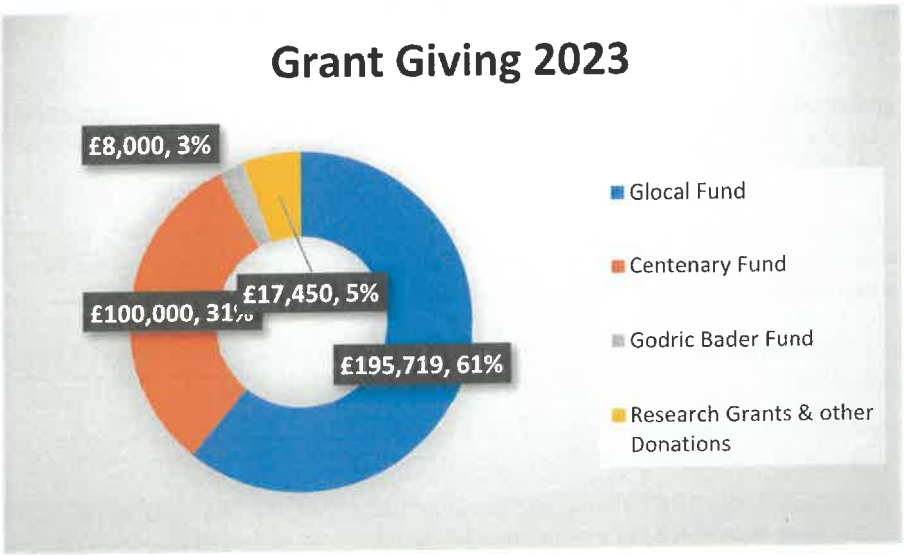
Research grants and other donations were provided to the following:

1. Employee Ownership Association - To provide the evidence that EO organisations make a difference compared to other types of business ownership.
2. DEC Turkey – Syria Earthquake Appeal
3. Northamptonshire Community Foundation – Corporate Giving Network and the sponsorship of the annual awards evening.

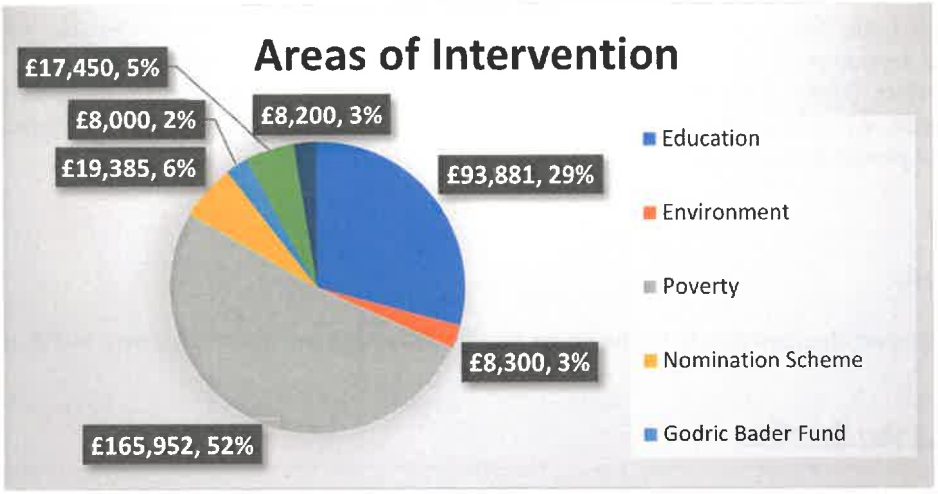
A breakdown of the 2023 grant expenditure is detailed below.

Grant Expenditure	£'000 2023	£'000 2022
Glocal Fund	196	322
Centenary Fund	100	-
Community Hardship Fund	-	37
Godric Bader Fund	8	-
Presidents Fund	-	8
Research & Other Grants	17	15
	321	**382**

Breakdown of Expenditure by fund



The grants awarded supported projects within three specific areas of intervention, Environmental, Poverty and Education. A breakdown of these intervention areas and the amount spent is detailed below.



The Trustees still believe that allocating the charity's income in the way described above continues to enable the charity to support a diverse range of activities with a relatively small amount of money. However, this is dependent on the profitability of the company, but mechanisms exist to ensure that the charity's income will increase in line with increased profitability.

Achievements and Performance SBCL Group

The principal activity of the SBCL Group which sits beneath the Charity continued to be that of the production and distribution of chemicals and related products.

Fundraising

The charity relies on surpluses generated by wholly owned trading subsidiary companies to be able to carry out grant-making to meet the charitable objectives and does not undertake any fundraising activities with the public. No professional fundraisers have been engaged and no fund raising has been undertaken on behalf of the Charity. No complaints have been received in relation to fundraising activities.

Investment policy and performance

The charity has an asset in the form of a property known as Keep House, 124 High Street, Wollaston NN29 7RJ. This is a Grade II listed stone-built farmhouse and is situated on the Wollaston site. The refurbishment of the property was completed in February 2020 and full occupancy of this building by local charities was achieved. By providing this facility the SBCW is meeting its objective of enabling these charities to continue the excellent work they do in the local community. It is also intended that the building will be self-funding on finalisation of the asset plan. To support this, the Trustees agreed in 2023 to allocate £20k to Keep House to be used towards the asset plan to cover future renovations.

In 2023, Keep House generated £34k in income, compared to £36k in 2022. This slight decrease was due to a vacant room becoming available during the year. The income generated from Keep House is used for the general refurbishment of the building and to source and progress local project and partnership opportunities.

An open market appraisal in November 2021, by an independent valuer with a recognised and relevant professional qualification, gave a value of £495k for this property and the Trustees do not believe that there has been a material change in value since the valuation. Another valuation is due to be completed during the Summer of 2024.

As the main investment of the charity is the SBCL group, its performance is monitored on a regular basis as reported under the financial review section below.

Financial Review

The majority of the Group relates to the SBCL Group and this is considered on the following pages. The charity's (SBCW) income is limited to the donation from SBCL and rental income and the expenditure of the charity has been considered on page 9.

Financial Review of SBCL Group

Whilst the CWB does not get involved in the day-to-day management of SBCL it receives updates at every Commonwealth Board meeting from the CEO Kevin Matthews, and the CFO Neil Miller on the performance of the group. In addition, members of the Group Leadership are invited to attend a CWB meeting on an annual basis to provide an update on their business areas.

During 2023, the CWB met with Julie Thorburn, the Group HR Director, Neil Miller, Group Chief Financial Officer, Kevin Matthews, Group Chief Executive Officer, Andrew Cottrell, Group Operations Director and Mike Findlay-Wilson, Group Chief Information Officer. The Commonwealth Board is also informed of any key issues from the Company Member of the Board.

Having discussed and reviewed the business performance for 2023, the Trustees noted the following:

Annual sales volumes increased by 0.9% to 110k tonnes (2022: 109k tonnes), despite this, SBCL Group turnover decreased by £30.7m (-10.1%) to £273m. This reduction was driven by raw material price decreases from the record high prices in mid-2022 that flowed through into lower sales prices. We have seen raw material prices drop consistently since Q3 2022, initially as supply chains normalised after the disruption of the Russian invasion of Ukraine, and more recently as the global economy slowed in H2 2023.

The SBCL Group made good progress on the strategic focus of improving product mix towards higher margin, speciality products, leading to an increase in margin of £4.8m to £77.6m (2022: £72.8m) and the margin as a % of revenue to 28.4% (+4.4ppt; 2022: 24.0%).

Other Operating costs have increased by £0.5m from £15.5m to £16.0m reflecting the growth into the Americas and Asia regions, as well as the continued investment in the business to build out operational and commercial capabilities as the foundation for future growth.

Staff costs increased on the year by £5.3m (12.9%) to £46.2m from £40.9m, as a result of 8.7 % net headcount additions of 67 to 834 (2022: 767) and average salary inflation of 3.96%.

Operating Profit pre-staff bonuses of £2.5m (2022: £nil) grew to £3.7m (2022: £2.1m). Profit Before Tax ('PBT') was £0.7m (2022: £2.3m) (note 14).

Offsetting the positive momentum on margin and good cost control, the drivers of the reduction in Operating Profit and PBT were; the half year payment of a Profit Performance Plan ('PPP') bonus to employees of £2.5m in total which was £nil in 2022, an increase in foreign exchange costs predominantly coming from the revaluation of non-trading intercompany loans of £1.3m (2022: £0.9m) and the increase in interest costs of £1.4m (2022: £0.3m) due to the increase in the base rate of interest in 2023 vs 2022 and full year's use of the SBCL Group's debt facilities.

Balance sheet

2023 saw a positive cashflow from operating activities of £11.7m (2022: outflow of £1.4m). This was derived from Operating Profit and an improvement in working capital including the new non-recourse debt factoring facility in France.

In 2023, the SBCL Group continued its objective to invest the majority of the operating cashflow into the business to support the delivery of the strategic priorities with regards to geographic growth, efficiency and innovation.

Overall in the year, there was a £1.1m decrease in net cash on opening of £0.2m to net debt at the year-end of £0.9m driven by the ongoing strategic investment programme in capital expenditure £12.1m (2022: £13.3m) as well as cash outflows of £1.5m (2022: £0.3m) in servicing the SBCL Group's debt facilities.

The SBCL Group continued to invest in line with strategy with the highlights being the completion of the green field manufacturing site in Mocksville in the USA and the new R&D laboratory and office in our Amiens site in France. Further capital investment went into new IT systems including the rollout of our M3 ERP system into Australia, as well as continued investment into the maintenance programme to ensure asset integrity.

The outlook for 2024 sees the continued focus on reducing working capital and tight cash management while continuing to invest the cashflow from operations in supporting the strategic growth priorities.

The SBCL Group's Revolving Capital Facility (RCF) with NatWest was extended to a 5-year term and increased to USD20m in March 2023 providing the Group with significant additional funds for working capital should it be needed. The SBCL Group had in excess of £32m in receivables and £35m in inventories at the balance sheet date, which were free of security for financing and available to raise working capital facilities if needed.

The SBCL Group recognised goodwill additions of £2.9m representing the fair value movement of the contingent consideration associated with the 2022 acquisition of Scott Bader India with a corresponding liability recognised in creditors greater than 1 year which would fall payable in 2025 subject to performance conditions being met.

The tax charge on Profit Before Tax was £0.9m (2022: £0.2m). The effective tax rate (ETR) for 2023 (excluding adjustments for prior year) was 64.9% (2022: 7.4%). Main drivers of the increased ETR were the combination of adverse permanent differences and a decrease in PBT for the year and the partial de-recognition of deferred tax assets in respect of tax losses arising in the UK.

Deferred tax assets of £4.0m were recognised in the period, reflecting the expected utilisation of brought forward losses on the basis that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits, in line with updated forecasts.

Key Performance Indicators

In 2023, the Trustees introduced a set of non-financial metrics to assess members' engagement levels and evaluate SBCL's adherence to the Guiding Principles. Our focus is on gathering data for areas that remain unexplored as we progress through 2024.

Additionally, specific KPIs have been established to monitor the financial performance of the SBCL group during 2024. These metrics will be diligently tracked and reported to the Commonwealth Board (CWB) on a quarterly basis:

- **Cash**: Tracking the available cash reserves.
- **Financial performance against budget and prior year (PY)**: Comparing actual financial results with planned budgets and previous year's performance.
- **Working capital:** Evaluating the company's liquidity and operational efficiency.
- **Capital expenditure:** (Capex) spending and CAPEX/depreciation ratio: Assessing investment in fixed assets relative to depreciation.

These KPIs serve as essential benchmarks, for SBCW to monitor the performance of SBCL's strategic decisions and ensuring transparency in its financial and operational health.

Cash

Currently the Charity holds a modest amount in deposit accounts, which are reviewed annually to ensure best return.

Financial Controls

The Financial Controls Policy, which includes the delegation of authority and segregation of duties, is reviewed annually to ensure that it is up-to-date and effective. The review process involves a thorough examination of the procedures and systems in place to ensure that they are robust and followed diligently by all parties concerned. The Trustees consider that the procedures and systems in place are effective in maintaining the integrity of the financial controls and ensuring compliance with the relevant regulations.

Financial and risk management objectives and policies

The Trustees have developed a more robust approach to managing the risks to which the charity is exposed to ensure that appropriate controls are in place to provide reasonable assurance against the risks identified. The Trustees undertake a quarterly review of the risk register, which assigns the management of the risks to specific individuals and recommends actions to be taken, where necessary, to manage their likelihood or impact. Risks are added to the register as they arise and are reported and discussed at the quarterly board meetings.

The SBCL Group uses various financial instruments including loans, cash, and items such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the SBCL Group's operations and working capital requirements. The existence of these financial instruments exposes the SBCL

Group to a number of financial risks. The main risks are; currency risk, receivables recoverability and liquidity and cash flow.

Currency risk

The SBCL Group is an international chemical company. In the international chemical business, many of the raw materials used by the SBCL Group are priced in US Dollars or Euros, as are many sales made outside of the UK. Consequently, the SBCL Group is exposed to exchange rates. The SBCL Group does not make extensive use of hedging instruments or derivatives as there is a natural balance of purchases and sales across the various currencies. Customer pricing may be adapted to deal with step changes in exchange rates as needed. The currency risk is closely monitored, and appropriate actions taken when needed.

Trade and other receivables

All operating companies have credit policies, that are approved at the appropriate level using the delegation of authority matrix and monitor their credit exposure on an ongoing basis. Trade receivables are stated net of allowances for doubtful receivables, estimated by local management based on prior experience of customers and assessment of their current economic environment and in line with group policy. Due to the geographical spread of the operating companies, the credit risk varies from site to site and is influenced by the normal credit practices of that country as well as the prevailing macro-economic climate of each geographic region and where appropriate the SBCL Group uses debt factoring facilities.

Liquidity and cash flow

The SBCL Group monitors its borrowings and future cashflows weekly and aims to ensure that there is always available headroom in all entities to meet all obligations as they become due. The SBCL Group extended its USD $10m revolving credit facility with NatWest in March 2023 to $20m although did not draw down further on the facility in the year. As at 31 December 2023, the SBCL Group had headroom which the Directors considered to be adequate for current business demands.

Principal risks and uncertainties

The SBCW's key risks are summarised below:

Risk / Uncertainty	**Mitigation**
1. There is a risk to the charity to continue operating due to lack of funding, therefore unable to achieve charitable objectives & constitutional requirements	There is a formula in place to donate a minimum of 1% of the group's salary cost or 5% of the eligible PBT (whichever is the greater). However, SBCL should budget for minimum payment required to be paid to the Charity. Financial information is reported on a quarterly basis to the Commonwealth Board on the performance of SBCL so it would be reported if the operating company is at risk. There is a second income stream generated from Keep House and there is a view to explore other similar projects in other global locations as well as other income options such as endowments.
2. There is a risk of a skills gap for Trustees on the Commonwealth Board resulting in the non-compliance with Charity and Company Law.	All Board Members are provided with the relevant Guidance from the Charity Commission on their duties and responsibilities. A skills analysis has been introduced and we refer to this when recruiting new Guardian Trustees. In addition, induction folders are provided upon appointment, which includes a copy of the Constitution, financial reports, minutes, agendas and policies and yearly training is also provided for the Trustees.
3. There is a potential risk of loss of funds for the Charity, leading to reputational risk	The following Internal controls in place to mitigate against this. Detailed quarterly reports are prepared comparing expenditure vs budget. All cheques/bank transfers are authorised by two people, one of which needs to be a Trustee. Bank accounts are reconciled monthly.

	Policies are reviewed on a yearly basis by the Charity Committee, prior to submission to the full Commonwealth Board for approval.
4. There is a risk of potential miscommunications and (cyber security) risk of interception of shared sensitive business information.	All sensitive data is stored and shared via Diligent Boards which is a board management software and is part of the Diligent Governance Cloud.
5. There is a risk of under occupancy of Keep House / not achieving objectives to utilise the Keep House space, using SBCW cash to fund the building & utility costs	This is monitored regularly at the ongoing Keep House committee meetings. Keep House is currently 80% occupied.

The SBCL's key risks are summarised below:

Strategic Risks: Strategic risks are risks, both internal and external, associated with the business model, corporate strategy and long-term planning		
Risk / Uncertainty	**Mitigation**	**Year-on-year change**
Geopolitical uncertainty and macroeconomic change There is a risk that external geopolitical and macroeconomic factors lead to severe supply chain disruption, loss of revenue, talent and strategic control as well as potential closures of sites.	• As a result of tensions in the Middle East, Business Continuity Planning has been conducted in the context of supply to and from the Dubai site through the Straits of Hormuz. • Our regional presence was further expanded with the completion of the new manufacturing facility in North Carolina, USA. This further balances the Group's geographical presence. • The business continues to work on its Treasury policy to further improve the resilience of the business in the event of raw material price increases. • Further development of ability to manufacture key products at multiple sites and contract manufacturing partners to improve resilience and business continuity planning,	→ No change overall. The continued geopolitical instability and the war in Ukraine has continued to demonstrate the interconnectedness and fragility of global supply chains. As the situation around Ukraine has stabilised and improved this has been replaced by issues in the Middle East and we expect the landscape to remain volatile for some time to come.
Intellectual Property management There is a risk that as the business grows into new areas, engages in new markets and generates new technology that without proper controls key intellectual property could be lost. In addition, with an ageing workforce critical knowhow could be lost from the organisation.	• Key mitigations that have been implemented or are work in progress include: • Appointment of an external patent agency to support the developments of a more active patent strategy. • Improved cybercrime resilience to prevent theft of intellectual property. • Increasing use of legal contracts with appropriate clauses to protect intellectual property. • Audit of the Group's major elements of intellectual property and an active development of a repository of key elements of intellectual property	New Risk. The expansion of the business into more specialty markets with increasing differentiation built on intellectual property represents an increasing risk for the group

Project management There is a risk that the significant number and scale of the projects being undertaken to deliver the strategic plan will lead to delivery failure and project overruns	• In addition to the mitigations reported last year the following actions have been implemented. • Further improvement of the major project approval process and governance oversight with the formation of a Capital Projects Committee. • Formalised integration processes have been strengthened as a result of post investment reviews of completed projects.	→ No change overall. The continued number of major projects and the level of investment and complexity continues to represent a significant risk.
Operational Risks: Operational risks are risks derived from Scott Bader's core business practices, which rely on systems, equipment and processes		
Risk / Uncertainty	**Mitigation**	**Year-on-year change**
Supply chain management There is a risk that ineffective management of our supply chain causes production delays leading to revenue losses, increased likelihood for non-supply fines and potential loss of customers.	• In addition to the mitigations highlighted last year: • Initiatives continue to improve Group wide S&OP system. • The formation of regional supply chain structures with a greater oversight of supply chain performance connecting supply points into one network. • Upgrading of Group operation technical resource to accelerate the development of dual site manufacturing for key products.	→ No change overall. The Group sees opportunities for productivity improvements through an effective supply chain management system.
Health & Safety There is a risk that poor safety performance leads to serious injury, loss of life, temporary or permanent site closure – with potential for exposure to significant penalties.	• Formal Health & Safety strategy, framework and refreshed policies in place with clear KPIs and audits. Launch of life saving rules • Investment in Health & Safety resourcing (appointment of Group Occupational Health Manager). • Improvements at site levels to ensure closing off of HSE actions. Increase in number of safety opportunities reported across the Group. • Significant number of the Groups assets now have an updated HAZOP (hazard and operability study) with mitigations	→ No change. This remains a high ongoing risk for the Group and one that continues to receive ongoing investment and monitoring by management including improved processes and a refresh of the hazard evaluation programme.
Security and resilience of plant process control systems There is a risk that we do not identify and/or address IT resilience and security risks related to plant process control systems and locally procured software leading to temporary or permanent site closure, loss of revenue and interruption to our supply chain.	• No significant initiatives in 2023 pending investments into new assets. • Upgraded systems and procedures to counter cybercrime. • Cloud based disaster recovery system. • Aligned ownership across different facets of the risk across dedicated functions (Operations and IT) and improved standardisation of processes"	→ No change. This remains a high ongoing risk for the Group. Completion of the global PCS assessment that was started in 2021 with a clear strategy now established. This area is expected to receive increased investment by management.

Cyber and information security There is a risk that Scott Bader fails to maintain the confidentiality, integrity and availability of information and key systems leading to a loss of customer, personnel or confidential data and resulting in disruption to our business, reputational damage and significant fines.	• Continued improvement and updating of our IT systems, including investment in cloud-based disaster recovery and clear investment plans to mitigate potential for obsolescence • Ongoing assessment of data loss prevention enablers and tooling • Ongoing penetration testing exercises to ensure the effectiveness of existing IT controls	Continued investment to implement state of the art IT systems and firewall security, active penetration testing, data loss prevention tools and data governance framework. It is recognised that IT failure could impact the ability to manufacture and supply products and mitigation plans are being developed.

Financial risks: Financial risks are risks associated with an organisation's ability to raise capital, maintain access to capital and deliver profitable growth		
Risk / Uncertainty	**Mitigation**	**Year-on-year change**
Volatility of demand and market uncertainty There is a risk that a slowdown or acceleration in demand leads to increasing raw material pricing, decreasing raw material availability and results in competition which can impact sales, capacity utilisation, profitability, and cash generation.	• We aim to embed our product / service into the client product cycle to provide a differentiated offering. • Proactively manage raw materials to optimise the balance between price and security of supply with sourcing from a broad and diverse supplier base. • Improve supply chain connectivity to ensure we respond rapidly to a slowdown or acceleration in market demand, • Financial performance closely monitored against operating plans with variances investigated. Clear focus on cash generation • Contingency and cost reduction plans implemented in an economic downturn.	↑Increased risk. The market slowdown resulting from high levels of interest rates impacted business performance in the second half of the year which also resulted in increased levels of working capital.
Liquidity management and foreign currency exposures There is a risk that the current levels of working capital, anticipated capital investment and strong acquisition pipeline significantly impact liquidity levels across the Group. There is a risk that Group's financial results are materially impacted by adverse currency movements leading to volatility in the reported profits and asset values.	• Significant improvement in Treasury function and cash pooling to enable liquidity support between entities. • Continued close supervision of cash management activities and forecasting. • Active project to improve foreign exchange management.	→ No change: The impact of a significant increase in capital spending in 2023 and the challenging business environment continues to have a material impact on liquidity which requires more active management. The foreign exchange risk is increased due to fluctuation of the sterling vis-à-vis other currencies in markets where we incur a significant proportion of our profits.

People risks: These are risks associated with an organisation's strategy and relationship with its people, including talent attraction and retention, behaviour and culture, industrial relations and learning and development		
Risk / Uncertainty	**Mitigation**	**Year-on-year change**
Attraction and retention of talent There is a risk that Scott Bader fails to attract, develop and retain high quality talent and capabilities required to deliver the firm's strategy and commercial ambitions.	• Scott Bader offers competitive compensation and benefits packages, and we have recently carried out a salary benchmarking exercise • Regular performance reviews and appraisals • Development of an employee value proposition has been an active project through 2023	No Change: Recruitment and retention continued to be challenging in 2023 for certain skills due to the historically low levels of unemployment and the shortage of skills in certain regions
Succession planning There is a risk that unplanned departures and overreliance on key individuals leads to knowledge, customer and supplier relationships and competitive advantage are lost or compromised.	• Succession plans and retention strategies are in place for Group leadership and other key positions • Ongoing talent reviews and succession planning programmes • Talent management programme continue including overseas secondment to build experience	No Change: The leadership competency framework was reinforced as part of the 2023 annual appraisal. The new organisational structure implemented at the end of 2023 is also designed to provide opportunities for building experience in bridging roles.
Regulatory & Compliance risks: Regulatory and compliance risks are risks associated with compliance to laws and regulations, industry standards, contract requirements and internal policies		
Risk / Uncertainty	**Mitigation**	**Year-on-year change**
Changing regulatory environment There is a risk of failing to comply with key laws and regulations across the different regulatory environments in which we operate leading to major regulatory enforcement action, litigation or other claims arising from products and/or historical or ongoing operations.	• Experienced legal counsel, company secretary, tax manager and head of product regulatory affairs are further supported by external legal and professional advisors • Risk, compliance, and governance report is reviewed by the Board, Audit Committee, and Internal Audit at each meeting • Ongoing support from third party advisors to enhance the Governance, Risk and Compliance Frameworks and to supplement our internal knowledge of regulatory change • Established delegation of authority between Group leadership and local leadership teams in owning local risks and complying with local laws Ongoing monitoring of sanctions and reporting around high risk countries	No Change: This area remains a high ongoing risk for the Group as the Group expands globally, national regulations tighten and a global expansion of data protection laws. It continues to receive ongoing investment and monitoring by management.

Reserves policy

Reserves are held to provide financial protection for Scott Bader Commonwealth Limited (SBCW) as a going concern, to protect its operations from being adversely affected by unanticipated events. Unanticipated events are identified in the

SBCW risk register. However, given that the primary source of income is from the donation received from Scott Bader Company Limited (SBCL) this does create a risk for SBCW.

The Trustees reviewed the Charity's Reserves Policy in April 2024 and agreed that reserves will be held for the following purposes:

- Unrestricted Funds - The Trustees have agreed to retain £180k in a range equivalent to approximately three to six months' forward expenditure. These are to be held to protect SBCW against income fluctuations .
- Designated Funds – The Trustees have agreed to retain a designated fund equal in value to the valuation uplift on Keep House. At the year end, this fund totalled £487k (2022: £487k).

The Trustees consider this approach to be reasonable in the light of the need for the money to be readily available for expenditure against the budget and in the unlikely event that no donation is received from SBCL, grants will only be awarded to charities upon receipt of funds from SBCL.

At 31 December 2023, the Charity held total funds of £1,925k (2022: £1,937k) including unrestricted funds (free reserves) of £1,438k (2022: £1,450k). There are earmarked funds set aside to meet essential future spending. £180k is set aside to protect SBCW's operations from being adversely affected by unanticipated events. £566.5k is budgeted to be spent throughout 2024, and £72.5k is held for future renovations on Keep House. The balance remaining will be held and used in the unlikely event that no donation is received from SBCL.

The group reserves held at 31 December 2023 were £108,847k (2022: £114,093k). These are held to provide working capital for the group.

Conflicts of Interest

SBCW has a set of processes to manage conflicts of interest. These include maintaining a complete and up-to-date register of interests, which is used for the day-to-day management and governance of the Charity. The register contains information about the interests of all parties involved with the Charity, the information on the register is used to identify and manage potential conflicts of interest that may arise in the course of the Charity's operations. These procedures ensure that the Charity's interests are protected and that any potential conflicts of interest are identified and managed appropriately.

Section 172 (1) Statement

Understanding the issues that are important to our stakeholders is essential and integral to the way in which we develop and execute our business strategy. It is also critical to our long-term success.

Our approach to Section 172

The Scott Bader Constitution sets out the Governance Principles expected of the Group and SBCL Board and demonstrates how the Group and SBCL Board should make decisions for the long-term success of the Group and its stakeholders, noting the values and behaviours that must underpin the operation of a successful and thriving business. Although the original Constitution pre-dates this section of the Companies Act, its continuing principles are closely aligned with the QCA (Quoted Companies Alliance) Governance Code and conform to the requirements of Section 172 of the Companies Act 2006.

Our Section 172 statement describes the ways in which the Group and SBCL Board has carried out its responsibility to promote the success of the Group, recognising that the key decisions it makes today will affect long-term performance. The statement considers paragraphs (a) to (f) of Section 172(1) and includes details on how the Group and SBCL Board has considered and engaged with stakeholders.

When making decisions, the Group and SBCL Board considers the needs of our different stakeholder groups as well as the likely consequences that any action taken might have for Scott Bader's reputation. Stakeholder engagement is at the core of how Scott Bader operates and inform strategic discussions, including any implications for the resilience of our business and the potential impact on our community and environment. It is the SBCL Chair's responsibility to ensure that the Group and SBCL Board considers Section 172 when making its decisions.

This process includes the SBCL Board and its Committees considering the interests of our employees. We primarily engage with employees through the Member Directors, Global Members Board ("GMB") and The Commonwealth Board.

Throughout the year, the SBCL Board received reports from management about their engagement with customers.

We recognise that it is not always possible to provide a positive outcome for all stakeholders and that sometimes the SBCL Board must make decisions based on competing priorities. The SBCL Board regularly assesses the outcomes of its decisions and is available to talk to stakeholders when needed. This engagement helps the SBCL Board better understand what matters most to our stakeholders and supports discussion on relevant issues. It also helps the SBCL Board choose the course of action that best leads to high standards of business conduct and success for Scott Bader in the long term.

Stakeholder engagement in 2023

Stakeholder groups	How the SBCL Board engaged in 2023	
Customers We work with customers worldwide, providing the products they need to address technical and sustainability challenges in their own manufacturing processes.	• The SBCL Executive Committee provided customer related intelligence and feedback, including from a customer survey. • The SBCL Board approved a refreshed strategy that focuses on getting closer to our customers and on growing in attractive end markets.	• Given that some areas of our business have seen weakened demand, the SBCL Board kept up to date with operational issues, including plant capacity and shift planning to match production to demand and reduce costs.
Employees Our success relies on the talent of our employees. We want them to feel part of a culture that values diversity and inclusion, fairness and transparency.	• SBCL ensured that colleagues were properly considered as part of the SBCL reorganisation in line with the strategy refresh. • The SBCL Board supported the application for D&I ISO certification.	• The SBCL Board received and considered two reports on follow-up actions from the results of the Best Companies employee survey.
Suppliers Our suppliers deliver the raw materials and services we need to make our products. We look for ways to work in partnership with suppliers to create a more sustainable supply chain.	• The SBCL Board received reports on management's work to ensure the Group's supply chain complied with the new sanction regime put in place as a result of Russia's war in Ukraine.	• European energy security and cost was a key topic for the SBCL Board throughout 2023. Management kept the SBCL Board informed on how it was engaging with utility suppliers and site hosts as it worked to reduce operational risks.
Shareholders As an Employee Owned business, with a defined Constitution, we have a responsibility to deliver value for our shareholders (also referred to as colleagues).	• The Chair, CEO and CFO provide the Group Board with updates from their meetings with the GMB and Commonwealth Board at Company Board meetings. • GMB Chair shares feedback and thoughts with the SBCL Board as a standing item on the SBCL Board agenda.	• The Member Directors are encouraged to be the voice of the shareholders (colleagues) at the SBCL Board and contribute to the SBCL Board on that basis.

In carrying out its duties, the SBCL Board continued to ensure it understands, and considers, the issues that matter most to these stakeholder groups, particularly when making material decisions.

After two years of on-line meetings as a result of Covid 19 restrictions, we were pleased to return to holding an open Annual General Meeting in July 2023 and continued to make the AGM accessible to all through the use of Zoom video. We kept in place the option for shareholders (colleagues) to submit questions in advance of the meeting, however, which we introduced during the pandemic. We also have regular correspondence with shareholders (colleagues), through meetings with the Commonwealth Board and the GMB and by responding to suggestions and queries. In addition, our CEO met with a number of the site employee councils when visiting the Group's manufacturing locations.

Principal decisions in 2023

This was another busy year for the SBCL Board, and one in which several key decisions were taken. Below we set out two examples of principal decisions the SBCL Board took in 2023 and how it considered Section 172 matters in the process.

Approving a refreshed strategy

In 2023, the SBCL Board approved a refreshed strategy, with a focus on markets and innovation with the continuing thread of sustainability. It was presented to the Commonwealth Board and the GMB in October and has been subsequently communicated to colleagues and other stakeholders.

How the SBCL Board made its decision

As the SBCL Board reflected on the potential strategic options, it considered all stakeholder groups – for example, the impact on employees currently engaged in non-core products of pursing a focus on either commodity or speciality chemicals and on the value potential for shareholders (colleagues). The SBCL Board considered that strategic alignment to end markets would enable the Company to better serve its customers for the long term and to focus its innovation and capital allocation – and so deliver greater business value and community for shareholders (colleagues).

We also reflected on the potential disruption of a business reorganisation. We concluded that this was a necessary step to align everyone in the business with the new strategy and that it would provide greater opportunities for employee development.

Refinancing

At the start of 2023, the SBCL Board asked management to update business plans and forecasts and to review the banking facilities in the light of those plans.

How the SBCL Board made its decision

The management team put forward to the SBCL Board for approval:

- A programme of working capital, capital expenditure and cost reduction and
- Refinancing the SBCL Group with additional facilities including increasing its RCF with NatWest and implementing invoice factoring with Société Générale in France.

The SBCL Board reviewed and considered management's updated business forecasts and budgets and agreed that management should refinance to ensure that the business had appropriate medium-term facilities, with sufficient headroom, to enable the business to operate through a period of potentially challenging economic headwinds. The refinancing was completed in March 2023.

These were complex decisions for the SBCL Board, balancing the interests of shareholders (colleagues) and other stakeholders. Our Guiding Principles (as set out in the Constitution) focused us in protecting value in the business and providing a robust financial structure that aligned with the strategic needs of the business.

Future Plans

A review of the Constitution was carried out during 2020/21. The changes proposed were formally accepted by the Commonwealth Members at the AGM in May 2022 and are still being implemented. This exercise has enabled us to emerge stronger and with renewed confidence and vigour. It was agreed at the same time that a two-year review of this would also happen. This is starting in 2024, any significant amendments will be shared with the members for their approval.

As a result of this review of the Constitution the Trustees have identified that improvements were required in the way the board itself operates and it identified that improvements were required in the following areas.

- **Charity** – we will bolster and reconfigure charitable activities in order to deliver our charitable aims and responsibilities. Funding ratios for charitable donations will remain as present and we wish to widen the meaning of charitable giving including encouraging and re-energising the volunteering undertaken by colleagues. We aim to replicate globally the Keep House model at Wollaston. This will provide local opportunities for good practice and outreach around selected locations around the group.

  In addition, there are plans for the future to implement a Social Return on Investment (SROI) framework. This will help us to measure and communicate the social value and impact of our grant-giving activities. SROI is a principles-based approach that involves identifying, measuring, and valuing the outcomes that matter to our stakeholders. By using SROI, we hope to improve our accountability, transparency, and learning.

- **Income** – Presently, the Commonwealth Office engages in annual budget negotiations with the Group Board, who approve it. In a proactive move to safeguard future funding, we are exploring modifications to the financing structure for the Commonwealth Office and its democratic endeavours.

  In 2023, a dedicated project team devised a funding strategy aimed at empowering the Commonwealth and Global Members' Board with enhanced control and financial segregation. This strategic plan received approval in Q4 2023 and is scheduled for implementation in 2024

- **Engagement** – We have implemented a refreshed way in which colleagues learn about the features and responsibilities of democracy in Scott Bader. This includes both the induction, orientation, and 'onboarding' for new recruits along with the ongoing refreshment necessary to keep everyone committed and engaged. We will continue to improve and monitor this development throughout 2024.

- SBCL will focus on building upon and integrating the recent investments in the USA and India. The impact of Brexit has been felt across the business with increased work required to ensure ongoing compliance. These additional administrative requirements continue to be a cost for SBCL, however the impact of this has been limited through proactive planning.

- SBCL continues to experience raw material supply shortages due to disrupted supply chains; the response has included expanding the range of suppliers, increasing stock levels where needed and increasing production flexibility.

- SBCL remains in a strong financial position, with a number of opportunities offering strong potential for growth. The Group Leadership Team is focused on the key projects that will unlock this growth and deliver the changes required to achieve 2036 vision. The future plans for SBCL are:

Future Developments

2024 starts with a certain degree of uncertainty and it is clear that high interest rates are reducing inflation and causing an economic slow-down, compounded by conflicts and geopolitical tensions around the world, that may last through the first half of 2024. As the world readjusts and interest rates stabilise and then perhaps start to fall, we may see markets pick-up in the second half. At the same time, we continue to have some exciting opportunities to deliver on key elements of the Group strategy such as India, North America and more efficient utilisation of our European asset base.

The transition from a product focus to a market focus as we enter 2024 will allow us to develop innovative and sustainable solutions for our customers through a deepened understanding of the customer needs of both today and tomorrow.

To ensure that we can best meet the needs of both our global and local customers, we implemented a regional operating structure into the two key regions of Europe & Africa and Asia & Americas. This structure will support delivery of our strategic vision by creating increased responsibility and autonomy to execute at an operational level within the regions.

These plans will help the continued success of the business and thus provide stability for charitable purposes and for the people that work at Scott Bader.

Going Concern

When assessing the going concern principle for the Commonwealth, considerations of the Trustees include, but are not limited to the following in relation to SBCL; the Financial position of the SBCL Group as at 31 December 2023, the most recent cash position, the projected cashflows and the availability and headroom of the financing facilities across the group, including the availability of facilities secured in March 2023.

The performance of the SBCL Group in the year to date is below last year as a result of supressed economic activity impacting Scott Bader's customers. Despite this, the SBCL Group continues to trade profitably and have a number of opportunities for growth. The SBCL Group obtained a waiver from its lending partner for one of the two covenant tests required to be met quarterly for which it was not in compliance.

During this challenging period, the Group Leadership Team (GLT) has generated forecasts to December 2025 under a variety of scenarios, including the application of prudent, worst case assumptions. On the basis of these forecasts, the Trustees remain confident that the Group will be sufficiently well capitalised for the foreseeable future.

Having considered the financial forecasts, the Trustees are confident that the SBCL Group, and therefore the Commonwealth Group, remains a going concern, and that the results within this document represent a true and fair view of the position of the Group.

The accounts are prepared on the going concern basis.

Auditor

RSM UK Audit LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Statement as to disclosure of information to auditors

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Report of the Trustees is approved by order of the board of Trustees and the Strategic Report (included therein) is approved by the board of Trustees in their capacity as the directors at a meeting on 3 May 2024 and signed on its behalf by:

Richard Tapp
Trustee

Paul Smith
Trustee

Trustees' responsibilities statement

The Trustees who are also the directors of the Scott Bader Commonwealth Limited (for the purpose of company law) are responsible for preparing the Report of the Trustees including the Strategic Report and the Director's Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

The Trustees' powers and responsibilities are defined in the Articles of Association of SBCW in furtherance of which SBCW has and may exercise the power to exercise oversight of the Scott Bader Group to ensure appropriate governance risk and compliance processes are in place to ensure the long-term success of the business.

Under company and charity law the Trustees 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 group and the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the group and the charitable company for that period.

In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Opinion

We have audited the financial statements of The Scott Bader Commonwealth Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Group and Charity Statements of Financial Activities (incorporating an income and expenditure account), Group and Charity Balance Sheets, Group Statement of Cash Flows and notes to the financial statements, including 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 the parent charitable company's affairs as at 31 December 2023 and of the group's incoming resources and application of resources, including its income and expenditure, 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 group and parent charitable 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable 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 Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report of the Trustees other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the Report of the Trustees. 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.

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

We have nothing to report in this regard.

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 Report of the Trustees, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Directors' Report and the Strategic Report included within the Report of the Trustees have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 24, the Trustees (who are also the directors of the charitable company for the purposes of company law) 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 Trustees 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 Trustees are responsible for assessing the group's and parent charitable 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 Trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operate in and how the group and parent charitable company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal and external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety and environmental compliance. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, review of accounting policies in relation to revenue recognition and sample testing revenue.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the consolidated financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our group audit approach.

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

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

GARETH JONES (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Rivermead House
7 Lewis Court
Grove Park
Leicester
Leicestershire
LE19 1SD

7 May 2024

THE SCOTT BADER COMMONWEALTH LIMITED

GROUP AND CHARITY STATEMENTS OF FINANCIAL ACTIVITIES (incorporating an income and expenditure account)

For the year ended 31 December 2023

	Notes	Group 2023 Unrestricted* £'000	Group 2022 Unrestricted* £'000	Charity 2023 Unrestricted* £'000	Charity 2022 Unrestricted* £'000
Income from:					
Donations		-	-	**316**	305
Other trading activities:					
Commercial trading operations		**273,301**	304,520	-	-
		273,301	304,520	**316**	305
Investment income	5	**1,253**	363	**51**	42
Total income	4	**274,554**	304,883	**367**	347
Expenditure on:					
Raising funds:					
Commercial trading operations		**(273,702)**	(302,469)	-	-
Charitable activities	9	**(335)**	(387)	**(379)**	(444)
Total expenditure	6	**(274,037)**	(302,856)	**(379)**	(444)
Net income/(expenditure) excluding joint venture income		**517**	2,027	**(12)**	(97)
Share of net income from joint ventures	15	**221**	197	-	-
Net income/(expenditure) before tax for the financial year		**738**	2,224	**(12)**	(97)
Tax payable	10	**(875)**	(237)	-	-
Net (expenditure)/income		**(137)**	1,987	**(12)**	(97)
Attributable to the owner		(168)	1,966	-	-
Attributable to Non-Controlling Interest		31	21	-	-
Net (expenditure)/ income		**(137)**	1,987	**(12)**	(97)
Other recognised gains / (losses):					
Actuarial loss on defined benefit pension	23	**(4,061)**	(10,054)	-	-
Change in value of hedging instrument	17	**(13)**	90	-	-
Currency translation differences		**(2,050)**	4,692	-	-
Deferred tax on other recognised gains and losses	10	**1,015**	2,513	-	-
Net movement in funds		**(5,246)**	(772)	**(12)**	(97)
Attributable to the owner		**(5,277)**	(793)	-	-
Attributable to the NCI		**31**	21	-	-
Net movement in funds		**(5,246)**	(772)	**(12)**	(97)
Total funds brought forward	25	**114,093**	114,865	**1,937**	2,034
Total funds carried forward	25	**108,847**	114,093	**1,925**	1,937

*Unrestricted funds include designated funds and movement on these funds can be seen in note 25.

The accompanying accounting policies and notes form an integral part of these financial statements.

	Notes	Group 2023 £'000	Group 2022 £'000	Charity 2023 £'000	Charity 2022 £'000
Fixed assets					
Intangible fixed assets	12	**10,139**	7,768	**-**	-
Tangible fixed assets	13	**62,904**	58,143	**-**	-
Investment property	15	**495**	495	**495**	495
Investments in subsidiaries	14	**-**	-	**-**	-
Interests in joint ventures	14/15	**392**	414	**-**	-
		73,930	66,820	**495**	495
Current assets					
Stocks	16	**35,675**	38,279	**-**	-
Debtors	17	**44,649**	51,398	**316**	1,089
Debtors greater than one year	18	**2,058**	2,499	**-**	-
Cash at bank and in hand		**16,866**	21,611	**1,163**	405
		99,248	113,787	**1,479**	1,494
Current liabilities					
Creditors: amounts falling due within one year	19	**58,618**	65,129	**49**	52
Net current assets		**40,630**	48,658	**1,430**	1,442
Total assets less current liabilities		**114,560**	115,478	**1,925**	1,937
Creditors: amounts falling due after more than one year	20	**3,531**	1,372	**-**	-
Provisions	22	**6,472**	7,521	**-**	-
		10,003	8,893	**-**	-
Net assets excluding pension asset		**104,557**	106,585	**1,925**	1,937
Pension asset	23	**4,290**	7,508	**-**	-
Net assets		**108,847**	114,093	**1,925**	1,937
Reserves:					
General reserve funds					
Unrestricted income funds	25	**108,277**	113,554	**1,438**	1,450
Designated funds					
Fair Value Reserve	25	**487**	**487**	**487**	**487**
Total charity funds		**108,764**	114,041	**1,925**	1,937
Non-Controlling interest					
Non – Controlling interest	25	**83**	52	**-**	-
		108,847	114,093	**1,925**	1,937

The financial statements on pages 28 to 65 were approved by the board of Trustees on 3 May 2024 and signed on their behalf by

Richard Tapp
Trustee

Paul Smith
Trustee

Company number: 496082
The accompanying accounting policies and notes form an integral part of these financial statements.

THE SCOTT BADER COMMONWEALTH LIMITED

GROUP STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023		2022	
		£'000	£'000	£'000	£'000
Net cash provided by/(used in) operating activities	26		**12,404**		(1,224)
Taxation received/(paid)			**696**		(3,105)
Net cash generated from/(used) in operating activities			**13,100**		(4,329)
Cash flows from investing activities					
Purchase of tangible assets		**(12,072)**		(13,297)	
Purchase of intangible assets		**(925)**		(8,092)	
Proceeds from disposals of tangible assets		**322**		105	
Dividends received from joint ventures		**222**		368	
Rental income received		**34**		36	
Interest received		**376**		50	
Net cash used in investing activities			**(12,043)**		(20,830)
Cash flows from financing activities					
Repayment of bank loans		**(417)**		-	
New bank loans		**-**		7,802	
Interest paid		**(1,455)**		(328)	
Net cash (used in)/generated from financing activities			**(1,872)**		7,474
Net decrease in cash and cash equivalents			**(815)**		(17,685)
Effect of exchange rates on cash and cash equivalents			**(409)**		1,916
Cash and cash equivalents at the beginning of the year			**10,243**		26,012
Cash and cash equivalents at the end of the year			**9,019**		10,243
Cash and cash equivalents consist of:					
Cash at bank and in hand			**16,866**		21,611
Bank overdrafts			**(7,847)**		(11,368)
Cash and cash equivalents at the end of the year			**9,019**		10,243

The accompanying accounting policies and notes form an integral part of these financial statements.

Within cash and cash equivalents there is a balance of £464k (2022: £459k) that is held in an escrow account. This escrow account has been established in agreement with the defined benefit pension scheme and the group have been making agreed payments into the account. Further information is included in note 23.

1. STATEMENT OF COMPLIANCE

The Scott Bader Commonwealth Limited is a private company, limited by guarantee, incorporated in England and Wales and domiciled in England. The company number is 496082 and the registered office is Wollaston Hall, Wollaston, Wellingborough, Northamptonshire, NN29 7RL.

The financial statements have been prepared in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Principal activities are noted in the Report of the Trustees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the measurement of certain financial assets and liabilities measured at fair value.

The charitable company constitutes a public benefit entity as defined by FRS102.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Reduced disclosures

In accordance with FRS 102, the Charity has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.

Going Concern

When assessing the going concern principle for the Commonwealth, considerations of the Trustees include, but are not limited to the following in relation to SBCL; the Financial position of the SBCL Group as at 31 December 2023, the most recent cash position, the projected cashflows and the availability and headroom of the financing facilities across the group, including the availability of facilities secured in March 2023.

The performance of the SBCL Group in the year to date is below last year as a result of supressed economic activity impacting Scott Bader's customers. Despite this, the SBCL Group is forecast to trade profitably and have a number of opportunities for growth. The SBCL Group obtained a waiver from its lending partner for one of the two covenant tests required to be met quarterly for which it was not in compliance.

During this challenging period, the Group Leadership Team (GLT) has generated forecasts to December 2025 under a variety of scenarios, including the application of prudent, worst case assumptions. On the basis of these forecasts, the Trustees remain confident that the Group will be sufficiently well capitalised for the foreseeable future.

Having considered the financial forecasts, the Trustees are confident that the SBCL Group, and therefore the Commonwealth Group, remains a going concern, and that the results within this document represent a true and fair view of the position of the Group.

The accounts are prepared on the going concern basis.

2. ACCOUNTING POLICIES (CONTINUED)

Group financial statements and basis of consolidation

These financial statements consolidate the results of the Charity and all its subsidiary undertakings made up to 31 December.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures.

In the group financial statements, joint ventures are accounted for using the equity method.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

Foreign currency

(i) Functional and presentation currency

The Group financial statements are presented in pound sterling and rounded to thousands. The Charity's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial activities.

(iii) Translation

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net assets and from the translation of the profits or losses at average rates are included in other recognised gains and losses.

Income recognition

Income recognition includes income recognised in the Group's trading activities.

Income is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

The Group recognises income when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of income can be measured reliably; (d) it is probable that future economic benefits will flow to the entity.

(i) Sale of goods

The risks and rewards of ownership of goods are deemed to have been transferred when the goods are shipped to, or picked up by the customer.

(ii) Interest income

Interest income is recognised using the effective interest rate method.

(iii) Rental income

Rental income is recognised on a straight line basis over the life of the rental period.

2. ACCOUNTING POLICIES (CONTINUED)

Income recognition (continued)

(iv) Donation income
Donation income including donations, gifts and grants that provide core funding or of a general nature are recognised where there is entitlement, receipt is probable and the amount can be measured with sufficient reliability.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid, the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

(iii) Defined benefit pension plan

The Group operates a defined benefit plan for certain UK employees. This scheme was closed to future accrual from 1 April 2006. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset recognised in the balance sheet in respect of the defined benefit plan is the fair value of the plan assets at the reporting date less the present value of the defined benefit obligation at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

The retirement benefit obligation recognised represents the deficit or surplus in the defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions from the plan.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other recognised gains and losses. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Actuarial (loss)/gain on defined benefit pension'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

(a) the increase in pension benefit liability arising from employee service during the period; and

(b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Interest payable and similar charges'.

(iv) Other retirement benefits

Scott Bader France is required by French law to provide a lump sum to employees on retirement, based on length of service with the employer. The provision is calculated according to French government assumptions of life expectancy and a standard discount rate. The provision is applied to those employees with less than 15 years until retirement because it is assumed that some employees will leave before reaching retirement age.

2. ACCOUNTING POLICIES (CONTINUED)

(v) Annual bonus plan

The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of financial activities, except to the extent that it relates to items in other recognised gains and losses. In this case, tax is also included in other recognised gains and losses.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tan

Deferred tax arises from timing differences that are differences between taxable profits and total net income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

(iii) Deferred tax in business combinations

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

(iv) Offsetting deferred tax assets and liabilities

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised up to a period of 0 to 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the statement of financial activities.

2. ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Intangible assets are stated at cost or fair value at acquisition date less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, of up to 10 years, in line with the Directors' assessment of the beneficial period.

Goodwill	0 – 10 years
Technology	0 – 10 years
Customer Lists	0 – 10 years

Tangible fixed assets and depreciation

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives.

(i) Land & buildings

Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

Leasehold properties are amortised in equal instalments over the lesser of the unexpired term of the relevant lease or fifty years, except that premiums paid or receivable on the acquisition of leasehold properties applicable to rental benefits are written off over the period to the first open market rent review.

(ii) Plant and machinery and fixtures, fittings, tools and equipment

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation and residual values

Freehold land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

Freehold buildings	50 years
Short leasehold land and buildings	over the lease period
Plant and equipment	3-20 years
Motor vehicles	4-5 years

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Any impairment loss recognised for goodwill is not reversed. For fixed assets other than goodwill, recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Leased assets

At inception, the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

2. ACCOUNTING POLICIES (CONTINUED)

Leased assets (continued)

(i) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

(i) Finance leased assets (continued)

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

(ii) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(iii) Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the statement of financial activities over the period to the first review date on which the rent is adjusted to market rates.

Investments

Charity investment in subsidiaries and joint ventures are held at cost less accumulated impairment losses. Group investments in joint ventures are stated in the group balance sheet at the group's share of their net assets. The group's share of profits less losses of joint ventures is included in the group statement of financial activities.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Stocks are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition. The cost of manufactured finished goods includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity).

At the end of each reporting period, stock is assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of financial activities. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the statement of financial activities.

2. ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

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

Provisions and contingencies

(i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(ii) Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date; or

when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the likelihood of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, amounts owed by group undertakings, cash and bank balances and listed investments are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when

(a) the contractual rights to the cash flows from the asset expire or are settled, or

(b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or

(c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred

to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, amounts owed to group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

2. ACCOUNTING POLICIES (CONTINUED)

(ii) Financial liabilities (continued)

Bills of exchange are recognised at face value and recorded at amortised cost until the date of maturity and the payment against it is realised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement, in which case they flow through Other Comprehensive Income.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled, or expires.

Research and development costs

Expenditure on research and development is written off as incurred.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. If applicable, the aim and use of each designated fund is set out in the notes to the financial statements.

All funds are general except for the fair value reserve which is a designated fund.

Expenditure

Expenditure is recognised when a liability is incurred. Contractual arrangements are recognised as goods or services are supplied. Other payments are recognised when a constructive obligation arises that results in the payment being unavoidable.

- Costs of raising funds are those costs incurred in commercial trading activities.
- Charitable activities include expenditure associated with the Commonwealth.
- Governance costs include those incurred in the governance of the Charity and its assets and are primarily associated with constitutional and statutory requirements.
- Charitable donations and grants are accounted for in the year of payment or when approved and the recipient has been informed in writing that the donation is to be made unconditionally, albeit that payment may be in a following accounting period. Where it has been agreed to make such unconditional donations or grants to charity in future years, this is included in the accounts as a liability.

Investment property

Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure. Investment properties are carried at fair value with changes in fair value being recognised in the statement of financial activities. The cumulative fair value movement is presented in a Fair Value Reserve (designated fund).

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Impairment of debtors (note 17)
The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

(ii) Provisions (note 22)
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

(iii) Defined benefit pension scheme (note 23)
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, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

(iv) Accruals for customer claims (note 19)
Accruals are made for customer claims to the extent that they are expected to be payable based upon the historical pattern of customer claims and any known uninsured product liability.

(v) Contingent consideration (note 12)
The group fair values contingent consideration based on latest available information as detailed in note 12.

4. ANALYSIS OF TOTAL INCOME

	Group		Charity	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
External turnover of Scott Bader Company Limited and its subsidiaries	**273,301**	304,520	**-**	-
Investment income	**1,253**	363	**51**	42
Donation from Scott Bader Company Limited	**-**	-	**316**	305
	274,554	304,883	**367**	347

External turnover of Scott Bader Company Limited and its subsidiaries by geographical market is analysed below:

	2023	2022
	£'000	£'000
UK and Eire	**41,896**	51,706
Continental Europe	**100,468**	135,202
Rest of World	**130,937**	117,612
	273,301	304,520

5. INVESTMENT INCOME

	Group		Charity	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Rental income	**34**	7	**34**	36
Interest receivable and similar income	**1,219**	356	**17**	6
	1,253	363	**51**	42

6. ANALYSIS OF TOTAL EXPENDITURE

	Group		Charity	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Raising funds:				
Staff costs (including related costs) (note 11)	**46,171**	40,885	**-**	-
Other trading costs	**227,531**	261,584	**-**	-
Total expenditure on commercial trading operations	**273,702**	302,469	**-**	-
Charitable activities (note 9)	**335**	387	**379**	444
Total expenditure	**274,037**	302,856	**379**	444

7. NET INCOME/(EXPENDITURE)

	Group		Charity	
	2023	2022	**2023**	2022
Net income/(expenditure) is stated after charging / (crediting) the following items:	**£'000**	£'000	**£'000**	£'000
Research and development	**3,354**	4,376	**-**	-
Depreciation and amortisation	**6,621**	5,959	**-**	-
Net interest on DB Pension Scheme	**(383)**	(306)	**-**	-
Loss on disposal of tangible assets	**8**	33	**-**	-
Impairment of trade debtors	**(99)**	185	**-**	-
Impairment of stocks	**(154)**	722	**-**	-
Operating lease charges	**1,706**	2,753	**-**	-
Foreign exchange loss	**1,172**	510	**-**	-
Auditor's remuneration:				
Fees payable to the Charity's auditors:				
- for the audit of the Charity's financial statements	**23**	22	**23**	22
- for the audit of the Charity's subsidiaries	**373**	274	**-**	-
Other non-audit fees	**156**	79	**9**	-

The audit fees of the Charity itself are paid by Scott Bader Company Limited.

8. INTEREST PAYABLE AND SIMILAR CHARGES

	Group	
	2023	2022
	£'000	£'000
Interest expense on bank loans and overdrafts	**1,370**	307
Interest expense on other loans	**85**	21
Total interest payable and similar charges	**1,455**	328

9. EXPENDITURE ON CHARITABLE ACTIVITIES

The Scott Bader Commonwealth Limited has a policy of making grants to organisations and not individuals. Information about the charitable donations (grants) made by The Scott Bader Commonwealth Limited is given below. As advised earlier in the report, funds are made available to all the companies in the Scott Bader Group (proportionate to the number of people employed at each location). Via small Charity committees (if they choose) they then submit applications via the grant management tool OPTIMY, which was introduced to simplify and streamline the grant making process.

The Trustees are aware that some locations prefer to support the same charities year on year, but consider it is acceptable to form long term relationships with the charities that they consider are looking after the welfare of those less fortunate in the communities where they operate.

Commonwealth Community Hardship Fund

	2023 £'000
None	-
	-

In the prior year, the charity made 9 grants to charitable institutions totalling £37k under the Commonwealth Community Hardship Fund.

UK Fund (Glocal Fund)

Charity Name	2023 £'000
UK Nomination Scheme	14.9
Small donations to support small local charities with their fund-raising activities	1.2
Acorn Early Years Foundation (Ed)	7.6
Action for Children (P)	4.0
Independent Provider of Special Education Advice (IPSEA) (Ed)	2.8
Charnwood 20:20 (Love for Life) (Ed)	3.1
Sal's Shoes (P)	5.0
Spencer Contact (P)	5.4
The Lewis Foundation (P)	8.4
The Lowdown (Ed)	5.0
The Running Charity (P)	5.0
We Mind & Kelly Matters (Ed)	5.0
	67.4

In the prior year, the charity made 25 grants to charitable institutions totalling £120k under the UK Fund.

Ireland (Glocal Fund)

Charity Name	2023 £'000
Barnardo's (Ed)	2.1
Extern Ireland (Ed)	2.2
	4.3

In the prior year, the charity made one grant to a charitable institution in Ireland totalling £1k.

9. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

France (Glocal Fund)

Charity Name	2023 £'000
Small donations	4.5
La Bonne Casse (P)	3.0
Federation Somme Secours Populaire (P)	3.6
CRE2ADO (Ed)	4.0
Les Terrasses Des Bords De Somme (En)	4.3
UDAF (P)	4.2
SOUC (Ed)	1.0
	24.6

In the prior year, the charity made 11 grants to charitable institutions in France totalling £46k.

Croatia (Glocal Fund)

Charity Name	2023 £'000
Mali Zmaj (P)	8.5
Centar Za Rehabilitaciju Stancic (Ed)	8.5
MS Pilates (Ed)	2.0
	19.0

In the prior year, the charity made 6 grants to charitable institutions in Croatia totalling £31k.

South Africa (Glocal Fund)

Charity Name	2023 £'000
African Wanderers Football Club Academy (Ed)	1.5
Hammarsdale Cato Ridge Development Association (P)	1.5
Hammarsdale Athletics Club (P)	1.5
Inqophamlando Service Center for the Aged (P)	1.5
Lulama Trust (En)	1.5
Okhule Edu-Care Centre (Ed)	1.5
Sakhisizwe Creche and Pre-School (Ed)	1.5
Bongimpilo Creche and Pre-School (Ed)	1.5
Thingo Youth Development Centre (P)	1.5
Tholulwazi Creche and Pre-School (Ed)	1.5
	15.0

In the prior year, the charity made 12 grants to charitable institutions in South Africa totalling £28k.

Dubai (Glocal Fund)

Charity Name	2023 £'000
MAAN Education & Health Development Organisation (Ed)	7.5
Royal Commonwealth Society for the Blind (Ed)	2.5
Ruchika Social Service Organisation (P)	2.5
SOS Children's Village Philippines (Ed)	2.5
The Rainbow Centre Sri Lanka (Ed)	2.6
Trust for the Rehabilitation for the Paralysed (Ed)	2.5
Marharshi Karve Stree Shikshan Samstha (Ed)	2.6
	22.7

In the prior year, the charity made 11 grants to charitable institutions in Dubai totalling £39k.

9. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

Germany (Glocal Fund)

Charity Name	2023 £'000
Artze Ohne Grenzen (P)	2.8
	2.8

In the prior year, the charity made one grant to a charitable institution in Germany totalling £3k.

China (Glocal Fund)

Charity Name	2023 £'000
Shanghai Charity Foundation (Ed)	5.0
	5.0

In the prior year, the charity made one grant to a charitable institution in China totalling £7k.

USA (Glocal Fund)

Charity Name	2023 £'000
Nomination Scheme	4.5
Small donations	2.5
	7.0

In the prior year, the charity made two grants to charitable institutions in USA totalling £11k.

Spain (Glocal Fund)

Charity Name	2023 £'000
Fundacio Privada Catalana Comtal (Ed)	3.0
	3.0

In the prior year, the charity made one grant to a charitable institution in Spain totalling £4k.

Czech Republic (Glocal Fund)

Charity Name	2023 £'000
Czech Blind United (Ed)	1.6
Helppes Centrum (Ed)	0.9
Nadace Jedlickova Ustavu (P)	1.3
	3.8

In the prior year, the charity made three grants to charitable institutions in Czech Republic totalling £5k.

9. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

Canada (Glocal Fund)

Charity Name	2023 £'000
Centre d'ecoute et de Prevention Suicide Drummond (Ed)	2.1
Comptoir Alimentare Drummond (P)	2.1
Fondation Rene Verrier (P)	2.1
La Tablee Populaire (P)	2.1
	8.4

In the prior year, the charity made six grants to charitable institutions in Canada totalling £14k.

Australia (Glocal Fund)

Charity Name	2023 £'000
Zero2Hero (Ed)	4.0
	4.0

In the prior year, the charity made two grants to charitable institutions in Australia totalling £5k.

Japan (Glocal Fund)

Charity Name	2023 £'000
None	-
	-

In the prior year, the charity made one grants to a charitable institution in Japan totalling £3k.

Sweden (Glocal Fund)

Charity Name	2023 £'000
BarncancerFonden (Ed)	1.0
Nene Valley Care Trust (Ed)	2.5
	3.5

In the prior year, the charity made two grants to charitable institutions in Sweden totalling £5k.

India (Glocal Fund)

Charity Name	2023 £'000
Frank Water (En)	2.5
	2.5

In the prior year, the charity made no grants to charitable institutions in India.

9. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

Italy (Glocal Fund)

Charity Name	2023 £'000
Children in Crisis Italy (Ed)	2.8
	2.8

In the prior year, the charity made no grants to charitable institutions in Italy.

President's Fund

Charity Name	2023 £'000
None	-
	-

In the prior year, the charity made 10 grants to charitable institutions totalling £8k under the President's Fund.

Research Grants

Charity Name	2023 £'000
EOA Knowledge Programme	11.8
	11.8

In the prior year, the charity made 2 research grants to charitable institutions totalling £15k.

Centenary Fund

Charity Name	2023 £'000
Carers Worldwide (P)	25.0
Hands Off Foundation (P)	25.0
The Karen Hilltribes Trust (P)	25.0
The Mud House Children's Foundation (P)	25.0
	100.0

In the prior year, the charity made no grants to charitable institutions under the Centenary Fund.

Godric Bader Fund

Charity Name	2023 £'000
Quaker United Nations Office (QUNO)	7.5
Other small grants	0.5
	8.0

In the prior year, the charity made no grants to charitable institutions under the Godric Bader Fund.

9. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

Other grants

Charity Name	2023 £'000
DEC Turkey-Syria Earthquake Appeal	2.0
Northamptonshire Community Foundation	3.7
	5.7

In the prior year, the charity made no other grants to charitable institutions.

	2023 £'000	2022 £'000
Total direct charitable expenditure (grants payable)	**321**	382
Support costs:		
Governance costs	**14**	5
Total charitable expenditure (Group)	**335**	387
Add: Group cost recharges	**44**	57
Total charitable expenditure (Charity only)	**379**	444

10. TAXATION

The Commonwealth is registered as a Charity and as such is exempt from Corporation Tax. However tax is payable by Scott Bader Company Limited and its subsidiaries. The below notes relate specifically to the SBCL Group tax position.

a) Tax expense included in profit or loss	**2023**	2022
	£'000	£'000
Current tax:		
– UK Corporation tax on profits for the year	**206**	(1)
– Foreign corporation tax on profits for the year	**1,749**	483
– Adjustment in respect of prior periods	**346**	(1,413)
Group and total current tax	**2,301**	(931)
Deferred tax:		
– Change in tax rate	**(136)**	(81)
– Origination and reversal of timing differences	**(1,334)**	(229)
– Adjustment in respect of prior periods	**44**	1,478
Group and total deferred tax	**(1,426)**	1,168
Group current tax	**2,301**	(931)
Group deferred tax	**(1,426)**	1,168
Group tax on profit on ordinary activities	**875**	237

b) Tax expense included in other comprehensive income	**2023**	2022
	£'000	£'000
Deferred tax:		
– Change in tax rate	**60**	603
– Origination and reversal of timing differences	**955**	1,910
Total tax credit included in other comprehensive income	**1,015**	2,513

10. TAXATION (CONTINUED)

(c) Reconciliation of tax charge

The tax assessed for the year is higher (2022: lower) than the standard rate of corporation tax in the UK at a blended rate of 23.5% (19% from 1 January 2023 to 31 March 2023 and 25% from 1 Apil 2023) (2022: 19%). The differences are explained below:	**2023 £'000**	2022 £'000
Total net income before tax for the financial year	**738**	2,224
Profit on ordinary activities at standard rate of corporation taxation in the UK: 23.5% (2022: 19%)	**173**	423
Effects of:		
Foreign subsidiary profits within zero tax rate regime	**(704)**	(215)
Other adjustments in respect of foreign tax rates	**(179)**	49
Expenses/(income) not deductible for tax purposes	**317**	(275)
Unrecognised deferred tax	**976**	271
Witholding tax suffered	**38**	-
Re-measurement of deferred tax (change in tax rate)	**(136)**	(81)
Adjustment in respect of prior periods	**390**	65
Group tax on profit on ordinary activities	**875**	237

The Effective Tax Rate (ETR) of the Group (excluding adjustments in respect of prior periods) increased by 57.5% to 64.9% (2022: 7.4%).

Due to the decrease in the SBCL PBT for the year to £749k (2022: £2,322k), profit mix and local tax rates have a much larger impact on ETR. The impact of profits for Scott Bader Middle East being within a zero tax regime was a decrease in ETR by 94.0% (2022: 9.3%). The impact of other local tax rates outside of the UK on ETR was a decrease in ETR of 23.9% (2022: an increase of 2.1%).

Other factors driving the ETR for the year were UK capital allowances super deductions (reducing ETR by 7.1%), expenses not deductible for tax purposes (increasing ETR by 50.8%), non-recognition of deferred tax assets and the reduction of deferred tax assets recognised only on consolidation (increasing ETR by 130.3%) and the impact of changes in tax rates on deferred tax balances (reducing ETR by 18.2%).

Change in Corporation Tax rate

The UK Corporation Tax rate increased from 19% to 25% on 1 April 2023. This tax rate was enacted on 10 June 2021 and has been reflected in the opening UK deferred tax balances as at 1 January 2023. A blended rate of 23.5% has been applied to movements in the year.

11. ANALYSIS OF STAFF COSTS

The charity employs 3 employees (2022: 2). £41k of staff costs were recharged to SBCW from SBCL in the year (2022: £46k). The following are disclosures for the Group.

	2023	2022
	£'000	£'000
Wages and salaries	**34,027**	31,561
Staff bonuses	**3,323**	401
Other staff benefits	**1,729**	1,706
Social security costs	**4,537**	4,782
Pension costs – current service cost	**2,374**	1,915
Redundancy costs	**181**	520
	46,171	40,885

Expenses reimbursed to the Trustees in the year were £3.8k (2022: £4.1k), relating to travel and subsistence for 5 Trustees (2022: 5).

In accordance with normal commercial practice, the Group has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on charity business. It is not possible to quantify the cost of this insurance as it is part of a combined policy. The Trustees of the Charity do not receive remuneration in their role as Trustees of the Charity. Employee elected Trustees (Benjamin Penney, David Black and Juliette Delprat) receive remuneration for their operational roles in the SBCL Group that they are employed, with the amount received noted below for their period as Trustee:

	2023	2022
	£'000	£'000
Basic Salary	**186**	134
Pension contributions and other benefits	**10**	-
Bonuses	**9**	26
	205	160

The remuneration of key management personnel of the Group was £2,157k (2022: £1,963k). This includes Trustees' remuneration noted above. Key management personnel are defined by their involvement within the day-to-day decision making of the Group strategy and comprise of the Group Leadership Team (GLT) and Regional Business Leaders. There are no Trustees to whom retirement benefits are accruing.

11. ANALYSIS OF STAFF COSTS (CONTINUED)

The number of employees whose total employee benefits (excluding employer pension costs) exceeded £60,000 during the year for the charitable group was:

	2023 Number	2022 Number
£60,001 - £70,000	**44**	33
£70,001 - £80,000	**29**	22
£80,001 - £90,000	**13**	17
£90,001 - £100,000	**20**	14
£100,001 - £110,000	**9**	7
£110,001 - £120,000	**10**	2
£120,001 - £130,000	**4**	2
£130,001 - £140,000	**3**	4
£140,001 - £150,000	**5**	1
£150,001 - £160,000	**5**	1
£160,001 - £170,000	**1**	2
£170,001 - £180,000	**2**	1
£180,001 - £190,000	**-**	1
£190,001 - £200,000	**-**	1
£200,001 - £210,000	**1**	-
£250,001 - £260,000	**1**	-
£270,001 - £280,000	**1**	-
£330,001 - £340,000	**1**	-
£370,001 - £380,000	**-**	2
	149	110

The average number of persons employed during the period by geographical area was as follows:

	2023 Number	2022 Number
UK and Eire	**334**	328
Continental Europe	**221**	219
Rest of World	**279**	220
	834	767

The average number of persons employed by the Group by activity was as follows:

	2023 Number	2022 Number
Administration	**141**	109
Research & Development	**52**	53
Manufacturing & Distribution	**524**	453
Sales & Marketing	**117**	152
	834	767

12. INTANGIBLE FIXED ASSETS

Group	Goodwill	Customer lists	Technology	Group Total
	£'000	£'000	£'000	£'000
Cost at 1 January 2023	1,752	1,308	7,382	10,442
Additions	2,928	-	925	3,853
Difference on exchange	(127)	(129)	(514)	(770)
Cost at 31 December 2023	**4,553**	**1,179**	**7,793**	**13,525**
Accumulated Amortisation at 1 January 2023	1,415	97	1,162	2,674
Charge for the year	88	243	623	954
Difference on exchange	(86)	14	(170)	(242)
At 31 December 2023	**1,417**	**354**	**1,615**	**3,386**
Net book value at 31 December 2023	**3,136**	**825**	**6,178**	**10,139**
Net book value at 31 December 2022	**337**	**1,211**	**6,220**	**7,768**

Assets in the course of construction and on which amortisation has yet to commence are included in the cost of Technology to the value of £2,753k (2022: £1,906k).

Amortisation has been included within expenditure on commercial trading operations.

Goodwill additions represent the fair value movement of the contingent consideration associated with the 2022 acquisition of Scott Bader India. The fair value of the contingent consideration is based upon the likelihood of a rolling 12-month target being hit within a 3 year window from the date of acquisition. The Group assesses, based upon the historical year to date performance and forecasts, the likelihood of the target being met is and has adjusted the fair value accordingly. For the year ended 31 December 2023, an incremental £2,928k has been recognised with a corresponding liability recognised in creditors greater than one year which would fall payable in 2025 subject to performance conditions being met.

13. TANGIBLE FIXED ASSETS

Group	Land and Buildings		Plant and equipment	Motor vehicles	Total
	Freehold	Short leasehold			
	£'000	£'000	£'000	£'000	£'000
Cost or valuation:					
At 1 January 2023	41,658	5,635	101,286	494	149,073
Additions	1,492	59	9,909	612	12,072
Disposals	(52)	(248)	(510)	(41)	(851)
Reclassification	237	5	(242)	-	-
Difference on exchange	(907)	(284)	(1,029)	(537)	(2,757)
At 31 December 2023	**42,428**	**5,167**	**109,414**	**528**	**157,537**
Accumulated Depreciation:					
At 1 January 2023	19,936	3,328	67,406	260	90,930
Charge for the year	1,115	101	4,388	63	5,667
Disposals	-	(234)	(210)	(85)	(529)
Difference on exchange	(530)	100	(1,075)	70	(1,435)
At 31 December 2023	**20,521**	**3,295**	**70,509**	**308**	**94,633**
Net book value					
At 31 December 2023	**21,907**	**1,872**	**38,905**	**220**	**62,904**
At 31 December 2022	21,722	2,307	33,880	234	58,143

Assets in the course of construction and on which depreciation has yet to commence are included in the cost of Plant & Equipment to the value of £17,111k (2022: £12,010k). Freehold land of £5,092k (2022: £5,347k) is not depreciated.

14. SUBSIDIARY UNDERTAKINGS

The Commonwealth is the registered holder of the whole of the share capital of Scott Bader Company Limited's 100,000 shares of 50p each. Of these, the Commonwealth holds 10,000 shares on behalf of the Guardian Trustees who have additional responsibilities to their role as Charity Trustees as set out in the Report of the Trustees.

These 10,000 shares are referred to in the Articles of The Scott Bader Commonwealth Limited as Guardian Trustee Shares. Special voting rights in relation to these shares are exercised under Articles 27 and 68 of the Articles of Association of The Scott Bader Commonwealth Limited. These relate to any resolution to alter the Articles of Association of either The Scott Bader Commonwealth Limited or Scott Bader Company Limited or to dispose of or direct the disposal of any shares in Scott Bader Company Limited.

The shares were given to the Commonwealth in 1951 and 1963 by Ernest Bader and his family in order to place Scott Bader Company Limited in common ownership where it would be directed and managed not only for the benefit of those working in the Company but also for the wider community and for future generations.

Under Article 14 of the Scott Bader Commonwealth Limited articles, the SBCW Board shall have no power to dispose of any Shares in SBCL or any other Subsidiary or to exercise or direct the exercise of the votes or carry out any other responsibilities attached to any such Shares. The SBCW Members and the Guardian Trustees shall exercise such powers and any such other responsibilities in accordance with these Articles.

In September 2023, the Group signed an agreement to purchase the remaining shares of our joint venture in Brazil, Nova Scott, from Anderpol. This will give the group full control over a manufacturing and distribution base in South America to continue its geographic expansion and to be able to serve our global customers and penetrate our chosen markets in Brazil and across the South American continent. This transaction is expected to complete in Q2 2024.

14. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Subsidiary undertakings

The Group holds 100% of the issued shares of all subsidiaries in the below table and, except where noted, these are held by SBCL. None of the subsidiaries are listed on a recognised stock exchange and all have been included in the consolidation.

Company	Country of incorporation and principal country of operation	Company Registration Number	Nature of Business	Registered Office
Scott Bader Company Limited [4]	Great Britain	00189141	Corporate Head office	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader UK Limited	Great Britain	4562724	Manufacturer of resins	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader SAS	France	631 720 497	Manufacturer of resins	65 Rue Sully, 80000 Amiens
Scott Bader Middle East Ltd (Incorporated in Jersey) [1]	United Arab Emirates	States of Jersey: Registration No.: 55367 JAFZA: Registration No.: 173909	Manufacture of resins	One The Esplanade, St Helier, Jersey, JE 3QA, Channel Islands
Scott Bader d.o.o. [2]	Croatia	80008643	Manufacture of resins	Radnička cesta 173 i, 10000 Zagreb
Scott Bader (Pty) Ltd[1]	South Africa	1993 000 466 07	Manufacture of resins	1 Lubex Road, PO Box 1539, Hillcrest 3650, Hammarsdale, Kwazulu Natal, South Africa
Scott Bader ATC Inc.	Canada	1168859909	Manufacturer of adhesives	2400, Canadien Street #303, Drummondville (Qc), J2C 7W3, Canada
Scott Bader Scandinavia AB[1]	Sweden	556399-5322	Distributor of resins	BOX 202, 31123 Falkenberg
Scott Bader Eastern Europe[1]	Czech Republic	250 45 580	Distributor of resins	Evropska 2588/33a, Dejvice, 160 00 Praha 6
Scott Bader Iberica SL[1]	Spain	ESB 62948450. Tomo 34949/Folio 0202	Distributor of resins	Avda. Corts Catalanes, 8, 08173 Sant Cugat del Valles-Barcelona
Scott Bader Inc [3]	USA	2310546	Distributor of resins	Registered Agent Solutions, Inc., 9E. Loockerman Street, Suite 311, Dover, DE 19901
Scott Bader (Shanghai) Trading Company Ltd	China	91310000664387 9063	Distributor of resins	Room2402, Hitch Plaza 488 Wuning Road (South) Shanghai China
Scott Bader Japan KK	Japan	3020001128001	Distributor of resins	Nisso Bldg#18, Export Office#708, 3-7-18, Shin-Yokohama, Kohoku-ku, Yokohama, Kaagawa, Japan
Synthetic Resins Limited	Great Britain	00282663	Intermediate holding company	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Boldhelp Limited	Great Britain	03793984	Intermediate holding company	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader Brazil Limited	Great Britain	08549866	Intermediate holding company	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL

14. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Company	Country of incorporation and principal country of operation	Company Registration Number	Nature of Business	Registered Office
Scott Bader North America Inc[1]	USA	2310544	Intermediate holding company	Registered Agent Solutions, Inc., 9E. Loockerman Street, Suite 311, Dover, DE 19901
Scott Bader Community Fund Trustee Limited	Great Britain	01282834	Corporate Trustee	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader Ireland Ltd	Ireland	694646	Distributor of resins	7a Dunboyne Industrial Est, Dunboyne, Co. Meath, Ireland
Scott Bader Australia Pty Ltd[1]	Australia	640312170	Distributor of resins	P.O. Box 1124 Bibra Lake, Western Australia 6965 Australia
Scott Bader Private Limited	India	U24290MH2022 PTC383674	Distributor of resins	307, Floor-3 Plot-267 A to Z Industrial Estate Ganpatrao Kadam Marg Lower Parel Mumbai, Mumbai City, Maharashtra, 400013, India
Scott Bader Manufacturing Private Limited	India	U24100MH2022 PTC388973	Manufacturer of resins	307, Floor-3 Plot-267 A to Z Industrial Estate Ganpatrao Kadam Marg Lower Parel Mumbai, Mumbai City, Maharashtra, 400013, India
Scott Bader AsiaPac Holdco Pte.Ltd.	Singapore	202209091H	Intermediate holding company	600 North Bridge Road 323-01 Parkview Square 188788 Singapore

[1] held by Synthetic Resins Limited, [2] held by Boldhelp Limited, [3] held by Scott Bader North America Inc, [4] held by Scott Bader Commonwealth Limited

The group holds 80% of the issued shares of the subsidiary in the below table, held by SBCL. This subsidiary is not listed on a recognised stock exchange.

Company	Country of incorporation and principal country of operation	Company Registration Number	Nature of Business	Registered Office
Polymer Mimetics Limited	Great Britain	12598928	Research	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL

The Group's dormant companies have not been listed in the above table.

14. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Joint Ventures

Company	Country of incorporation and principal country of operation	Registered Office
Novascott Especialidades Quimicas Ttda (JV) [1]	Brazil	Rodovia Gobernador Mario Covas, no 600, sala 48, Lote Tabajara, Serra do Anil, CEP 29.147-030, City of Cariacisa/ES, Brazil
Satyen Scott Bader LLP (JV) previously Satyen Scott Bader Private Limited	India	307, A-Z Industrial Premises G K Marg, Lower Parel Mumbai Mumbai City MH 400013 IN

[1] shares held by Scott Bader Brazil Limited

All joint ventures manufacture and distribute compounded polyester resins and are 50% owned by the group, except where noted above these shares are held directly by SBCL.

Subsidiary results

A summary of the results of the SBCL Group is shown below:

	2023	2022
	£'000	£'000
Turnover	**273,344**	303,976
Other operating income	**461**	597
Direct and indirect overheads	**(272,563)**	(302,476)
Group operating profit	**1,242**	2,097
Share of operating profit in joint ventures	**221**	197
Total operating profit: group and share of joint ventures	**1,463**	2,294
Interest receivable and similar income	**741**	356
Interest payable and similar charges	**(1,455)**	(328)
Profit before taxation on ordinary activities	**749**	2,322
Taxation on profit on ordinary activities	**(875)**	(237)
(Loss)/profit for the financial year	**(126)**	2,085

A summary of the financial position of the SBCL Group is shown below:

	2023	2022
	£'000	£'000
Fixed assets	**73,435**	66,325
Current assets	**98,131**	113,382
Current liabilities	**(58,931)**	(66,165)
Long term liabilities	**(3,531)**	(1,372)
Provisions for liabilities	**(6,472)**	(7,521)
Pension asset	**4,290**	7,508
Net assets	**106,922**	112,157
Capital and reserves	**106,922**	112,157

15. INVESTMENTS

	Group Joint Ventures		Group and Charity Investment Property	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Balance at 1 January	**414**	591	**495**	495
Share of profits retained	**221**	197	**-**	-
Dividend received	**(222)**	(368)	**-**	-
Difference on foreign exchange	**(21)**	(6)	**-**	-
Balance at 31 December	**392**	414	**495**	495

Investment property historical cost: The investment property is owned by the charity:	**2023** **£'000**	2022 £'000
Cost at 1 January and at 31 December	**8**	8

The investment property was valued by an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued, Harwoods Chartered Surveyors & Estate Agents, in November 2021, on the basis of open market value. The valuation was arrived at by reference to the estimated amount for which the asset would be expected to exchange between two independent parties on an arms-length basis using available market evidence and local market knowledge. The Trustees believe that this valuation represents the open market value at 31 December 2023. An independent valuation is planned to be performed in the year ended 31 December 2024.

16. GROUP STOCKS

	2023	2022
	£'000	£'000
Raw materials and consumables	**15,651**	18,267
Finished goods and goods for resale	**20,024**	20,012
	35,675	38,279

There is no material difference between the balance sheet value of stock and its replacement cost.

17. DEBTORS

	Group		Charity	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Trade debtors	**32,014**	42,572	**-**	-
Amounts owed by group undertakings	**-**	-	**316**	1,089
Corporation tax recoverable	**217**	3,096	**-**	-
Deferred tax asset	**2,207**	712	**-**	-
Other taxation recoverable	**817**	535	**-**	-
Other debtors	**1,827**	1,342	**-**	-
Prepayments and accrued income	**7,567**	3,141	**-**	-
	44,649	51,398	**316**	1,089

Trade debtors are stated after provisions for impairment of £305k (2022: £483k). Recorded within other debtors is derivative financial instrument with the value of £101k (2022: £32k). Movement in the year was loss of £13k (2022: gain of £90k). Note 24 provides additional detail.

18. DEBTORS GREATER THAN ONE YEAR

	Group		Charity	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Deferred tax asset	**2,058**	2,499	**-**	-
	2,058	2,499	**-**	-

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts	**16,028**	19,633	**-**	-
Trade creditors	**34,234**	37,081	**-**	-
Amounts owed to group undertakings	**-**	-	**49**	52
Bills of exchange payable	**-**	51	**-**	-
Corporation tax	**162**	269	**-**	-
Other taxation and social security	**2,140**	2,770	**-**	-
Other creditors	**1,674**	1,674	**-**	-
Accruals and deferred income	**4,380**	3,651	**-**	-
	58,618	65,129	**49**	52

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2023	2022
	£'000	£'000
Loans		
Within one to two years	**326**	471
Within two to five years	**277**	901
	603	1,372
Contingent consideration		
Within two to five years	**2,928**	-
	3,531	1,372

21. LOANS AND OTHER BORROWINGS

Loans repayable, included within creditors, are analysed as follows:

	Group	
	2023	2022
	£'000	£'000
Due within one year or on demand		
Bank loans and overdrafts	**16,028**	19,633
Due after more than one year		
Bank loans and overdrafts	**603**	1,372
Total borrowings	**16,631**	21,005
Maturity of financial liabilities:		
In one year or less, or on demand	**16,028**	19,633
In more than one year, but not more than two years	**326**	471
In more than two years, but not more than five years	**277**	901
	16,631	21,005

£7,855k (2022: £9,449k) of Group borrowings are secured by fixed and floating charges over the Group's assets.

The Group's liabilities relating to Bank loans and overdrafts consisting of drawn amounts under a revolving credit facility £7,855k (2022: £8,264k), overdraft balances arising under cash pooling £2,565k (2022: £6,172k) and utilisation of a UK-based invoice factoring facility £5,282k (2022: £5,196k). These facilities operate in various currencies and are subject to interest rates based on the relevant base rate, with margins ranging from 1.25% to 3.00% and loans of £326k (2022: £471k) (note 20).

Other Group bank loans

Other bank loans include loans from three French banks which are denominated in Euros and are all repayable by quarterly instalments with the final payments being due in July 2026. The initial total value of loans taken out in 2014 was €4,000k and as at 31 December 2023 the outstanding amount was €988k (£857k). They are all secured by a charge over the Group's trading subsidiary in France. These loans have variable rates and during 2023 they ranged from 0.77% to 5.25% (2022: 1.16% to 2.94%). They are included within the above bank loans across maturity buckets.

The Charity previously provided a loan of £552k to the Group. The loan was unsecured, carried a variable interest rate of 1.25% above SONIA per annum and was payable in 5 instalments with the final payment made in August 2023. The terms of the loan were documented in accordance with the advice of the Commonwealth's solicitors.

22. GROUP PROVISIONS FOR LIABILITIES

Group

	Environmental £'000	Leaving Provisions £'000	Retirement Benefits £'000	Deferred Tax £'000	**£'000**
At 1 January 2023	1,443	2,353	1,735	1,990	**7,521**
Foreign exchange impact	(4)	257	3	-	**256**
Amounts charged to the profit and loss account	332	331	(58)	253	**858**
Amounts used during the year	-	(113)	(60)	(1,990)	**(2,163)**
At 31 December 2023	**1,771**	**2,828**	**1,620**	**253**	**6,472**

The provision for deferred taxation is disclosed as a Debtor falling due in 2 to 5 years (Note 18) £2,058k (2022: £2,499k) and Debtor falling due in under 1 year (Note 17) £2,207k (2022: £712k) and a provision for liabilities and charges of £253k (2022: £1,990k).

The net deferred tax as disclosed in notes 17, 18 and 22 consists of the following assets/(liabilities):

	2023	2022
	£'000	£'000
Excess of capital allowances over depreciation	**(3,091)**	(1,606)
Short term timing differences	**1,164**	698
Post-employment benefits	**(1,072)**	(1,877)
Losses	**7,011**	4,006
	4,012	1,221

Environmental:

The environmental provision was originally established in Scott Bader Company Limited as a future payment for the required restitution of land when the relevant subsidiary companies vacate the premises currently occupied. The provision is expected to be utilised over 10 years although there is no intention to leave any of the affected sites. The provision was estimated using the reports as provided by an independent third-party specialist.

Leaving provisions:

The leaving provision is established in Scott Bader Middle East as a payment based on local requirements when employees leave the business. The provision is expected to be utilised as current employees leave the business between 2024 and 2049.

Retirement benefits:

a) £1,038k (2022: £1,145k) relates to 'quasi pension' commitments given to former employees. The provision is expected to be utilised over the expected lives of the former employees and their spouses between 2024 and 2041.

b) £582k (2022: £590k) relates to French statutory retirement benefits payable to France based employees of the Group. The provision is expected to be utilised between 2024 and 2038.

23. GROUP POST EMPLOYMENT BENEFITS

(a) Defined benefit scheme

For UK employees Scott Bader UK operates a defined benefit scheme with assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members' final salary. The plan is administered by an independent Trustee, who is responsible for ensuring that the plan is sufficiently funded to meet current and future obligations. The plan was closed to new entrants in 2006.

The date of the most recent actuarial valuation as at 31 December 2022 revealed a funding shortfall of £2,823k (31 December 2019: shortfall of £4,101k). If the Scheme is in deficit on a Technical Provisions basis calculated by the Scheme Actuary in accordance with the Scheme's Statement of Funding Principles, further contributions are expected into the Scheme through 2024 to a level of £460k p.a. (£38,333.33 per month).

Contributions:

- Potential £460k pa in respect of 1 January 2023 to 31 December 2028
- The proceeds of the Escrow account, which amounted to £464k as at 30 December 2023, have been paid into the Scheme by 31 March 2024

The 31 December 2019 actuarial valuation figures have been updated to the balance sheet in order to assess the additional disclosures required under section 28 of FRS102 as at 31 December 2023. This update was done by an independent qualified actuary, using the following major assumptions:

	2023	2022
Rates of increase in salaries	**n/a**	n/a
Rate of increase in 5% LPI pensions in payment	**3.10%**	3.20%
Rate of increase in 5% LPI pensions with 3.5% underpin in payment	**3.90%**	3.80%
Rate of increase in pensions in deferment	**2.20%**	2.20%
Discount rate	**4.50%**	4.90%
Inflation assumption	**3.20%**	3.20%

Assumed life expectancies on retirement at age 60:		**2023 Years**	2022 Years
Retiring today	Males	**26.0**	26.4
	Females	**28.8**	29.1
Retiring in 10 years	Males	**26.6**	27.0
	Females	**29.6**	29.8

23. GROUP POST EMPLOYMENT BENEFITS (CONTINUED)

Reconciliation of scheme assets and liabilities:	**Assets £'000**	**Liabilities £'000**	**Total £'000**
At 1 January 2023	**96,398**	**(88,890)**	**7,508**
Remeasurement gains / (losses)			
- Experience (losses) on liabilities	-	(1,992)	(1,992)
- Changes to demographic assumptions	-	2,259	2,259
- Actuarial loss	-	(4,539)	(4,539)
- Return on plan assets excluding interest income	211	-	211
Net remeasurement gains	211	(4,272)	(4,061)
Benefits paid	(6,135)	6,135	-
Employer contributions	460	-	460
Interest income/(expense)	4,585	(4,202)	383
At 31 December 2023	**95,519**	**(91,229)**	**4,290**

The actual return on plan assets was £4,796k.

The fair values of the plan assets were:	**2023 £'000**	2022 £'000
Equities	**5,936**	5,136
Gilts and LDI funds	**67,180**	61,489
Corporate Bonds	**18,007**	24,377
Cash & net current assets	**4,396**	5,396
	95,519	96,398

(b) Defined contribution schemes

Following the closure of the defined benefit scheme in the UK to new entrants, all employees, in countries where the state pension provision is not considered sufficient, have the opportunity to benefit from a defined contribution scheme provide by their local employer. Outstanding contributions included in creditors as at 31 December 2023 were £203k (2022: £197k).

	Group	
The amount recognised as an expense for these defined contribution schemes was:	**2023 £000**	2022 £000
Current period contributions	**1,707**	1,913

24. FINANCIAL INSTRUMENTS

	Notes	Group 2023 £000	2022 £000
Financial assets measured at fair value through profit or loss:			
Derivative financial instruments	17 & 19	**101**	32

Group:

Derivative financial instruments – Interest rate swaps

The Group has entered into two interest rate swaps to receive interest at EURIBOR and pay interest at a fixed 1.46/1.49%. The two swaps are based on a principal amount of 3,500k EUR, equal to loans held with two French banks, and they mature in 2026/2027 on the same date as the bank loans to which they relate.

The instruments are used to hedge the Group's exposure to interest rate movements on the two bank loans. The fair value of the interest rate swaps is £19k (2022: £32k).

Cash flows on both the loan and the interest rate swaps are paid quarterly until 2026/2027. During the financial year, a hedging loss of £13k (2022: gain of £90k) was recognised in other comprehensive income for changes in the fair value of the interest rate swap.

Forward Foreign Exchange contract

In October 2023, SBCL entered into foreign exchange contract non-deliverable forward (NDF) was taken out in with a settlement date of February 2024 to purchase foreign currency. The transaction did not meet the criteria for hedge accounting. The fair value is £82k and £82k was recognised as a fair value gain through the statement of financial activities.

25. ANALYSIS OF MOVEMENT IN FUNDS

GROUP	Fair Value Reserve (Designated Fund) £000	Unrestricted income funds £000	Non – Controlling interest £000	Total £000
At 1 January 2022	487	114,347	31	114,865
Income	-	304,883	-	304,883
Expenditure	-	(302,856)	-	(302,856)
Share of net income from joint ventures	-	176	21	197
Tax payable	-	(237)	-	(237)
Gains/(losses)	-	(2,759)	-	(2,759)
At 1 January 2023	487	113,554	52	114,093
Income	-	274,554	-	274,554
Expenditure	-	(274,037)	-	(274,037)
Share of net income from joint ventures	-	190	31	221
Tax payable	-	(875)	-	(875)
Gains/(losses)	-	(5,109)	-	(5,109)
At 31 December 2023	**487**	**108,277**	**83**	**108,847**

Fair Value Reserve (Designated Fund)

The Fair Value Reserve is a designated fund relating to the fair value movements on the investment property meaning that the fund cannot be distributed unless the properties are sold or the Directors are first assured that the investment property maintains at least its previous market value.

25. ANALYSIS OF MOVEMENT IN FUNDS (CONTINUED)

CHARITY	Fair Value Reserve (Designated fund) £000	Unrestricted income funds £000	Non – Controlling interest £000	Total £000
At 1 January 2022	487	1,547	-	2,034
Income	-	347	-	347
Expenditure	-	(444)	-	(444)
At 1 January 2023	487	1,450	-	1,937
Income	-	367	-	367
Expenditure	-	(379)	-	(379)
At 31 December 2023	**487**	**1,438**	**-**	**1,925**

GROUP For the year ended 31 December 2023	Fair Value Reserve (Designated fund) £000	Unrestricted income funds £000	Non – Controlling interest £000	Total £000
Intangible fixed assets	-	10,139	-	10,139
Tangible fixed assets	-	62,904	-	62,904
Investments	487	400	-	887
Net current assets	-	40,547	83	40,630
Long term liabilities	-	(3,531)	-	(3,531)
Provisions	-	(6,472)	-	(6,472)
Pension asset	-	4,290	-	4,290
	487	**108,277**	**83**	**108,847**

CHARITY For the year ended 31 December 2023	Fair Value Reserve (Designated fund) £000	Unrestricted income funds £000	Non – Controlling interest £000	Total £000
Investments	487	8	-	495
Net current assets	-	1,430	-	1,430
	487	**1,438**	**-**	**1,925**

GROUP For the year ended 31 December 2022	Fair Value Reserve (Designated fund) £000	Unrestricted income funds £000	Non – Controlling interest £000	Total £000
Intangible fixed assets	-	7,768	-	7,768
Tangible fixed assets	-	58,143	-	58,143
Investments	487	422	-	909
Net current assets	-	48,606	52	48,658
Long term liabilities	-	(1,372)	-	(1,372)
Provisions	-	(7,521)	-	(7,521)
Pension asset	-	7,508	-	7,508
	487	**113,554**	**52**	**114,093**

25. ANALYSIS OF MOVEMENT IN FUNDS (CONTINUED)

CHARITY For the year ended 31 December 2022	Fair Value Reserve (Designated fund) £000	Unrestricted income funds £000	Non – Controlling interest £000	Total £000
Investments	487	8	-	495
Net current assets	-	1,442	-	1,442
	487	**1,450**	**-**	**1,937**

26. NOTES TO THE STATEMENT OF CASH FLOWS

a) Reconciliation of net (expenditure)/income to net cash provided by/(used in) operating activities

	2023 £'000	2022 £'000
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	**(137)**	1,987
Adjustments for:		
Interest payable	**1,455**	328
Interest receivable	**(760)**	(356)
Rental income received	**(34)**	(36)
Taxation	**875**	237
Share of operating profit in joint ventures	**(221)**	(197)
Profit on disposal of fixed assets	**(8)**	(33)
Depreciation and amortisation	**6,621**	5,962
Exchange difference	**(536)**	1,355
Contributions to UK defined benefit pension scheme	**(460)**	(460)
Decrease/(increase) in stocks	**2,604**	(5,381)
Decrease in debtors	**6,093**	1,836
Decrease in creditors	**(3,332)**	(6,554)
Increase in provisions	**244**	88
Net cash provided by/(used in) operating activities	**12,404**	(1,224)

b) Analysis of changes in net debt

Group	At 1 January 2023	Cash flows	Non-cash flows	Exchange rate movement	At 31 December 2023
	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents:					
Cash	21,611	(4,745)	-	-	**16,866**
Overdraft	(11,368)	3,521	-	-	**(7,847)**
	10,243	(1,224)	-	-	**9,019**
Borrowings:					
Borrowings - repayable within one year	(8,265)	444	(769)	409	**(8,181)**
Borrowings - repayable after one year	(1,372)	-	769	-	**(603)**
	(9,637)	444	-	409	**(8,784)**
Net funds	606	(780)	-	409	**235**

27. GROUP CONTINGENT LIABILITIES

Group:

Pension Scheme Funding: Scott Bader Company Limited entered into a guarantee in March 2007 with Scott Bader Pension Scheme Trustees Limited whereby the Company guaranteed that the Scott Bader UK Limited pension scheme would be 105% funded on an S179 valuation should the principal employer, Scott Bader UK Limited, fail to fulfil its agreed obligations to the Pension Trustees.

28. GROUP CAPITAL AND OTHER COMMITMENTS

a) Contracts for future capital expenditure not provided in the financial statements – Property, plant and equipment	**Group 2023 £'000**	Group 2022 £'000
No expenditure has been incurred although contracts have been placed	**1,238**	522

b) future minimum lease payments under non-cancellable operating leases for each of the following periods:	**Group 2023 £'000**	Group 2022 £'000
Not later than one year	**1,566**	1,711
Later than one year and not later than five years	**3,501**	2,779
Later than five years	**1,270**	1,757
	6,337	6,247

The Charity has no capital or operating lease commitments at 31 December 2023 (2022: Nil).

29. RELATED PARTIES

Group

The Group received dividends from Satyen Scott Bader LLP of £222k (2022: £nil), one of the Group's joint ventures during the year. At the year-end, £Nil (2022: £nil) was outstanding.

The Group received dividends from Novascott Especialidades Quimicas Ttda of £nil (2022: £368k), one of the Group's joint ventures, during the year. At the year-end, £Nil (2022: £nil) was outstanding.

Revenue in relation to the share of profit in joint ventures of £221k (2022: £197k) has been recognised in the statement of financial activities of the Group.

The Group has provided a capital contribution to Polymer Mimetics Limited of £1,857k (2022: £1,343k).

Charity

The Commonwealth received a donation from SBCL in the amount of £316k (2022: £305k). In addition, the Commonwealth reimbursed SBCL, at cost, for management services provided in the year of £41k (2022: £46k). The net year-end balance of money owed by Scott Bader Company Limited to The Scott Bader Commonwealth Limited was £275k (2022: £1,037k).

During the year, a loan of £552k from Scott Bader Commonwealth to SBCL was fully repaid.

30. LEGAL STATUS OF THE SCOTT BADER COMMONWEALTH LIMITED

The Scott Bader Commonwealth Limited is a company limited by guarantee without shares and a registered Charity. The liability of each member in the event of winding up is limited to 5p.

31. POST BALANCE SHEET EVENTS

On Wednesday 13 September 2023, the SBCL Group signed a Quota Purchase and Sale Agreement and Other Covenants (QPA) to effectively acquire 100% control of its Brazilian Joint Venture Nova Scott and associated manufacturing assets from the JV partner Anderpol and its direct subsidiaries.

This acquisition is subject to certain regulatory approvals for manufacturing and marketing licenses being transferred to Nova Scott which are anticipated to take 120 working days from the signing of the QPA. It is therefore likely that the deal will close in the second quarter of 2024.

It is anticipated that the acquisition will be accounted for using the Purchase Method.

THE SCOTT BADER COMMONWEALTH LIMITED

England & Wales - Charity number 206391

Accounts

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THE SCOTT BADER COMMONWEALTH LIMITED
FINANCIAL STATEMENTS

For the year ended

31 DECEMBER 2022

DocuSign Envelope ID: 1A727A9F-43F7-4549-816E-3917D056DD90

THE SCOTT BADER COMMONWEALTH LIMITED

COMPANY INFORMATION

For the year ended 31 December 2022

Company registration number:	496082
Charity registered number:	206391
Registered office:	Wollaston Hall Wollaston Wellingborough Northamptonshire NN29 7RL
Charity Trustees:	Andrew Bell Agne Bengtsson David Black David Harris Hansi Manning Paul Smith Richard Tapp Benjamin Penney Gillian Shapiro
Solicitors	HCR Hewitsons Lancaster House Nunn Mills Road, Northampton, Northamptonshire NN1 5GE, Shoosmiths The Lakes Northampton NN4 7SH
Bankers	Unity Trust Bank Plc 4 Brindley Place, Brunswick Street Birmingham B1 2JF CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ Scottish Widows PO Box 883 Leeds LS1 9TY
Auditor	RSM UK Audit LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes Buckinghamshire MK9 1BP

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THE SCOTT BADER COMMONWEALTH LIMITED

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DIRECTORS AND TRUSTEES

The trustees who are also the Directors of the charity present their Annual Report and the Accounts of The Scott Bader Commonwealth Limited (the **Charity**), for the year ended 31 December 2022.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (January 2019).

The trustees who served in the year and subsequent appointments, were:

	Date of Appointment	Date of Resignation
Andrew Bell		
Agne Bengtsson		
David Black		
Jessica Clark		31.03.2023
Robert Gibson		31.03.2023
David Harris		
Hansi Manning		
Paul Smith		
Richard Tapp	01.04.2022	
Benjamin Penney	01.04.2023	
Gillian Shapiro	01.05.2023	

STRUCTURE; GOVERNANCE and MANAGEMENT

Scott Bader Company Limited (SBCL) was founded by Ernest Bader in the 1920s as a merchant in chemicals. In 1951 he and others gave the ownership of the shares in the Company to Scott Bader Commonwealth Limited (SBCW) a charitable company limited by guarantee, thereby setting up what is known to everyone who works at SBCL as 'The Commonwealth'.

The holding of the shares of SBCL is now known as a 'programme related investment' and The Commonwealth's ownership structure is specifically referred to in the Charity Commission's Legal Underpinning document relating to charities and investment matters.

Originally the Charity was governed by its Memorandum and Articles of Association as adopted on incorporation on 1 June 1951 and subsequently amended in 1967, 2007, 2010 and 2022.

The Charity is a membership organisation, and everyone employed by the SBCL or any of its subsidiaries may become a member of the Charity (a Commonwealth Member). The average number of persons employed by SBCL during 2022 was 767 people across 7 manufacturing sites and 18 offices worldwide and 609 are Commonwealth Members.

As there are no outside shareholders, Commonwealth Members "hold the wealth in common". The intention of the founder was to create a company whose well-being is entrusted to those who work in it, with democratic involvement.

When colleagues join SBCL they are Associate Members of the Commonwealth and following the successful completion of a year's service are invited to apply to become a full Commonwealth Member. This means that they become a member, holding in common with other members, the shares of SBCL. It is the responsibility of everyone that works for the company to ensure that it continues to exist in the long term for current and future generations.

Profitability is important to ensure that the company can continue to operate, but adherence to the Guiding Principles and how that profit is achieved is paramount. There is a provision in the Constitution to ensure that the company is not just operated for the benefit of the colleagues that work for it, so a minimum amount must also be provided to the Charity to support charitable causes.

The objects of the Charity are:

1) The promotion of ethical principles in industry with a view to ensuring the discharge by persons engaged in industry of their social obligations for the welfare of the communities within which they operate.
2) The promotion of sustainable development for the benefit of the public by the preservation, conservation and the protection of the environment by the prudent use of natural resources and the promotion of sustainable means of achieving economic growth and regeneration.

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There are two ways in which the above objects are achieved which is through the democratic governance structure of Scott Bader. Commonwealth Members can stand for election to the below governance groups and by making grants to charities and other not-for profit organisations locally, nationally, and internationally.

- The Commonwealth Board (CWB) - the Board of the Charity has 3 internally elected Trustees.
- The Group Board - the Board of Directors of SBCL has 3 internally elected Member Directors, who are elected from three constituencies - the UK and Eire, Continental Europe and the Rest of the World. Commonwealth Members in each constituency vote to elect the Member Director for their constituency.
- The Global Members' Board (GMB) – The Global Members' Board is the international democratic body that represents all Commonwealth Members, comprised of 12-14 elected representatives the Chair of SBCL and its own full time Chair. The purpose of the Global Members' Board is to lead our international and industrial democracy, give voice to the SBCW Membership and hold the Subsidiary Boards to account for the development and execution of their Strategies according to the Guiding Principles. The GMB aims to be a diverse and inclusive body that fairly represents the interests of all SBCW Members.

This structure of self-governance provides significant additional dimensions to business and employment relationships and interaction with the wider community. It means that:

- Business relationships are more sustainable because Scott Bader is totally independent.
- There is an obligation to the wider community via the charitable giving.
- Colleagues have a greater role to play than just performing their day-to-day role.

The Commonwealth Board (CWB)

The Trustees are responsible to ensuring that the Charity is run in accordance with Charity law. The CWB does not get involved in the day-to-day running of the business, The Group Board of the Company and its CEO, Kevin Matthews, CFO, Neil Miller and the wider Group Leadership Team have responsibility for the management of the Company and for overseeing that itis:

- Governed effectively and in accordance with the Guiding Principles
- that the members are actively involved in the success of the business and that the community is strong and healthy
- Supporting the Commonwealth in fulfilling its charitable objectives

The CWB is consulted on topics such as future business strategies, acquisitions, and the distribution of profits. The CWB also monitors the development of industrial democracy within the SBCL group.

There is a maximum of 9 members of the CWB.

- 5 externally appointed Guardian Trustees – who are approved by the GMB for a period of 3 years and are eligible for re-appointment.
- 3 internally elected directors who serve for 3 years with the option to stand for re-election once and
- 1 Company member - the Chairman of SBCL

Briefing and consultation of employees

Industrial democratic practice is a major part of employee engagement, and all those who work for the Company are consulted on decisions that may affect their interests in accordance with Scott Bader's Constitution. It is the policy of Scott Bader that participation in decision-making is implemented at all levels.

Recognising that access to appropriate information is a necessary prerequisite to effective participation and consultation, the Group's monthly financial results and full year forecasts are shared with Commonwealth Members and colleagues. Members of The Scott Bader Commonwealth, membership of which is open to all who work on a permanent basis within the Group and who make a commitment to work according to the guiding principles expressed in the Constitution, have the opportunity to elect three of their number to serve for three years as members of the Board of Directors of Scott Bader Company Limited.

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Recruitment, appointment, and training new Trustees

The Guardian Trustees are selected by a Joint Nomination Committee, (JNC) comprised of members from the CWB, GMB and Group Board. All candidates are provided with an explanation of the aims and objectives of the role and the time commitment involved in being a Guardian Trustee. The JNC is responsible for identifying and nominating for the approval of the SBCW, SBCL and Global Members Board, candidates to fill the Guardian Trustee role. Upon appointment they are confirmed as Commonwealth Members.

All Trustees, (appointed or elected) are provided with a handbook which contains information relating to their duties as a charity trustee, charity policies, financial reports, previous meeting minutes, and the articles of association for SBCW, SBCL and the rules of the GMB. In addition to this a specific induction plan is designed to meet the needs of the individual to give them a more detailed understanding of how the Charity operates; the businesses and strategy of SBCL and how the governance works.

Periodic formal training on the responsibilities of being a Trustee is provided and was previously provided by the Employee Ownership Association in January 2022. Trustees are also encouraged to identify any specific training needs they require.

Trustee Remuneration

Although some of the Trustees are employed by SBCL or one of its subsidiaries none of the Trustees receive any remuneration for their work f the Charity.

Key management personnel remuneration is set by the SBCL remuneration committee, for colleagues employed by the Company only and is paid in line with best practice an external Executive Salary Benchmark Review, conducted by Willis Towers Watson was completed prior to the 2022 Salary review.

Office Administration

The Trustees are supported in their role by two colleagues from the Commonwealth Office and will take external advice when required. The infrastructure of the office (IT requirements etc) is provided by SBCL.

The day-to-day activities of the Charity are delegated by the CWB to the Commonwealth Office. There is also a Charity Sub-Committee who are responsible to decide on which charities to support and to authorise the payment of donations. The Sub-Committee is required to report to the CWB on a quarterly basis on the decisions they have made.

In addition to the above there are 5 Commonwealth Co-ordinators who are appointed/elected from each of our larger sites to assist with Commonwealth related matters e.g Charity activities, Membership, and local democracy issues. They perform these duties in addition to their role within the company.

Other sub-committees are formed on a needs basis to deal with issues that may arise.

Conflicts of Interest

The charity has a written conflict of interest policy for all trustees in line with statutory guidance.

ACTIVITIES IN 2022

Achievements and Performance against the Objectives set - Grant-making

The income of the Charity is achieved through the work of the individuals employed by the Scott Bader Group by way of a donation of profits and is used to make grants to charitable organisations around the world, whose purposes are in line with the Charitable objects. The Trustees approve the annual grant giving focus areas, which are reported on later.

As mentioned earlier, the CWB has delegated the grant giving responsibility to the Charity Committee and this Committee meets quarterly to agree which charities to support and the amount to be funded to the Charity. The decisions taken are shared with the CWB quarterly.

There are various ways that charities become aware that they can apply to the Charity for funding. This is by networking, by word of mouth from previous recipients and by the information shared on the Scott Bader website.

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To help with management of the applications received, the Charity's general policy is that it will not fund requests solely in support of animals, individuals in need, travel and adventure schemes, art projects, sports clubs, general appeals, and the construction of buildings in the UK.

Prospective applicants are required to submit their applications for funding via a grant management tool called OPTIMY. This grant management tool was introduced to simplify and streamline the grant making process.

The Charity ran four application cycles in 2022, welcoming applications to our grant programmes listed below. Demand for funding remained strong, we received circa 300 applications during the year compared with circa 250 in 2021.

Following our assessment processes, the Charity made grants totalling approximately £382k in 2022, compared to £331k in 2021. A breakdown of the amount spent under each of grant programmes areas in 2022 is provided in Note 9.

The Charity seeks to ensure that grants are used effectively and for the charitable purposes for which the funds have been given. We keep formal reporting requirements simple and proportionate and share the information received with the Charity Committee. From time to time, we meet with grantees and prospective grantees to strengthen networking and to help the Charity learn more about the specific subject areas or reflect on its own practice and priorities.

The Charity is also a member of the Association of Charitable Foundations (ACF) and National Council for Voluntary Organisations (NCVO). Both organisations provide training courses and helpful information on good practice.

Activities for the Public Benefit

To check that the charities we support meet the public benefit requirement, the Trustees decided it would be prudent to include a section within the online application form requesting applicants to provide a short summary of how they meet this requirement.

To ensure ongoing awareness of the Charity Commission's guidance on public benefit all Trustees are provided with information about this in their handbook.

Having regard to this guidance the Trustees consider Public Benefit at two levels 1) in relation to the shareholding in SBCL and 2) the activities of the Charity.

Glocal Funds

A budget is set for all the companies in the Scott Bader Group (the allocation is currently determined as a set figure per site with an additional sum proportionate to the number of Commonwealth Members at each location). Each location can determine how they wish to utilise their allocation provided it complies with the Charity Policy and is approved by the Charity Committee of the Commonwealth Board.

To help prospective applicants we guide them to apply for funding for projects that enable them to support projects to help address social and environmental issues important to where they are situated.

Some Locations choose to run a Nomination Scheme whereby each Commonwealth Member has an allocation to nominate to a charity (or charities) of their choice.

Commonwealth Community Hardship Fund

A Budget is set annually.

This fund was first introduced in 2020 in support of the COVID-19 pandemic. It was agreed to reduce the amount available for 2022 and to prioritise applications for funding that were specifically required for PPE equipment and vaccination rollouts.

Life President's Fund

A Budget is set annually.

This fund is used to support charities chosen by the Life President, 10 charities received grants, totalling £7,500 in 2022 and 2021.

Research Grants –Two research grants were provided to the following:

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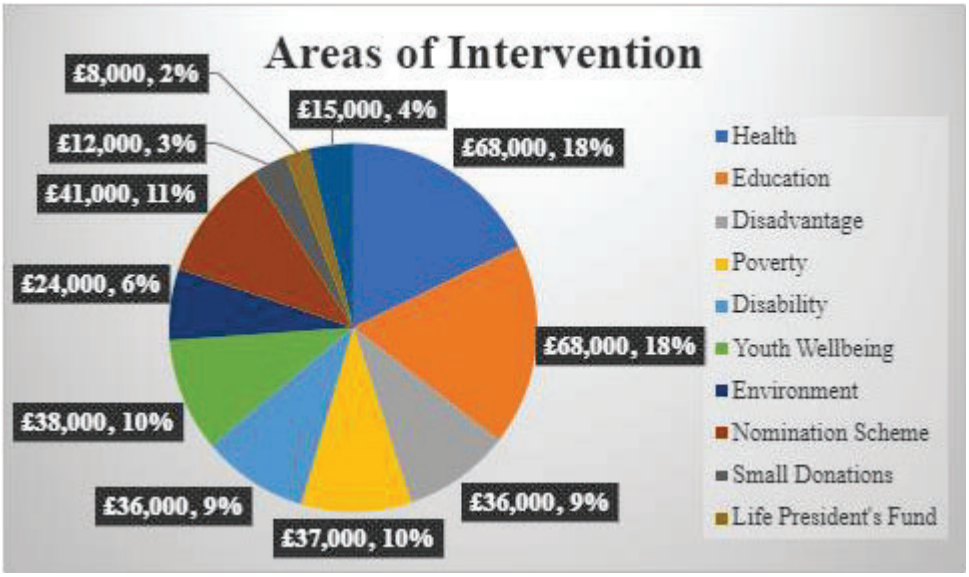
1. Ownership at Work - How to map and measure the social and environmental impact of employee ownership.
2. Employee Ownership Association - To provide the evidence that EO organisations make a difference compared to other types of business ownership.

2022 Grant Expenditure

Grant Expenditure	£'000 2022	£'000 2021
Glocal Funds	322	178
Commonwealth Community Hardship Fund	37	145
Life President's Fund	8	8
Research Grants	15	-
	382	**331**

Breakdown of Expenditure by %

The grants awarded were targeted at several areas of intervention, including Poverty, Environment, Youth Well-being, Disability, Education, Disadvantage, and Health. A breakdown of these intervention areas and a description of some of the projects supported internationally are provided below.



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The Charity seeks to ensure that grants provided have been used effectively and for the charitable purposes for which they were granted by reviewing the evaluation reports submitted by the charities on completion of their projects.

The Trustees are still of the opinion that dividing the charity's income in the way described above continues to enable the charity to support a diverse range of activities with a relatively small amount of money. However, this is dependent on the profitability of the company, but mechanisms exist to ensure that the charity's income will increase in line with increased profitability.

INVESTMENT

The charity has an asset in the form of a property known as Keep House, 124 High Street, Wollaston NN29 7RJ. This is a Grade II listed stone-built farmhouse and is situated on the Wollaston site. The refurbishment of the property was completed in February 2020 and full occupancy of this building by local charities has been achieved. By providing this facility the CWB is enabling these charities to continue the excellent work they do in the local community.

The income generated from Keep House during 2022 was £35.8K, compared to £33.1K in 2021, this will be used for the general refurbishment of the building and will enable the CWB to source and progress local project and partnership opportunities.

An open market appraisal in November 2021, by an independent valuer with a recognised and relevant professional qualification, gave a value of £495k for this property and the Trustees do not believe that there has been a material change in value since the valuation.

Community Projects and Partnerships

To extend its strategic, objective, and charitable activities in Northamptonshire, the Commonwealth Board will now work with the local community to develop projects and partnerships to further utilise Keep House. Where appropriate, cross-sector partners will be engaged to maximise project opportunities, scale, and collective impact.

Cash

Currently the Charity holds a modest amount in deposit accounts, which are reviewed annually to ensure best return. However, for ease of administration e.g. bank transfer payments in the UK and overseas, the majority of cash is held on deposit by SBCL on behalf of the Charity under a Bare Trust agreement.

Financial Controls

The Financial Controls Policy, which also includes the delegation of authority and segregation of duties, is reviewed annually. The Trustees consider that the procedures and systems in place are robust and are followed diligently by all parties concerned.

Fundraising Activities

The charity relies on surpluses generated by wholly owned trading subsidiary companies to be able to carry out grant-making to meet the charitable objectives and does not undertake any fundraising activities with the public. No professional fundraisers have been engaged and no fund raising has been undertaken on behalf of the Charity. No complaints have been received in relation to fundraising activities.

Environmental Care

In 2020 SBCL established a baseline year for our Scope 1 & Scope 2 carbon footprint, making a commitment to reduce this by 60% over a 5-year period. The Operational Sustainability Team was replaced with an SBCL EESG Board Committee and Steering Group in Autumn 2022 to ensure that the business has the right strategy and goals aligned across the group, to deliver environmental performance improvements.

Scott Bader historically has purchased electricity from low carbon suppliers in the UK, France and Croatia, and over the past year have expanded this to include Dubai, and South Africa. Further auditing has been undertaken at SBCL's Croatian site to further reduce SBCL's carbon impacts. The renewable energy certificates for these sites allows SBCL to report zero CO2 for the Scope 2 market emissions in these locations bringing a significant reduction for the market-based reporting across the group. However, in line with the GHG Protocol Corporate Standard, SBCL report both market-based and location-based emissions for Scope 2 CO2.

SBCL have not included Scope 1 emissions from company owned and company leased vehicles as they believe these to be immaterial given the small number of vehicles. SBCL do not manage scope 3 emissions, but are active in working towards

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this, they have some level of controls in place and teams being built toward this goal in regulatory affairs/product stewardship. SBCL have been guided by GRI 302 and GRI 305 in the collection and reporting of our energy consumption and CO2 emission data.

2022

ENERGY CONSUMPTION		SB UK		GROUP	
		LOCATION BASED	MARKET BASED	LOCATION BASED	MARKET BASED
Non-Renewable (GJ)		74,185	52,412	177,842	128,628
Renewable (GJ)		167	21,940	3,683	41,230
Total (GJ)		74,352		181,525	
GREENHOUSE GAS EMISSIONS		**SB UK**		**GROUP**	
Scope 1 ($TeCO_2e$)		2,668	2,668	7,166	7,166
Scope 2 ($TeCO_2e$)		1,284	0	3,839	577
Scope 1 and Scope 2 ($TeCO_2e$)		3,952	2,668	11,005	7,743
INTENSITY FACTOR		**SB UK**		**GROUP**	
Energy Intensity	MJ/Te of product	2,244		1,438	
	GJ/full time employee	234		225	
	MJ/£000's revenue	885		595	
Carbon Intensity (market based)	$kgCO_2e$/Te of product	81		61	
	$TeCO_2e$/full time employee	8		10	
	$kgCO_2e$/£000's revenue	32		25	

2021

ENERGY CONSUMPTION		SB UK		GROUP	
		LOCATION BASED	MARKET BASED	LOCATION BASED	MARKET BASED
Non-Renewable (GJ)		80,424	54,018	201,419	157,793
Renewable (GJ)		151	26,557	3,004	46,629
Total (GJ)		80,575		204,422	
GREENHOUSE GAS EMISSIONS		**SB UK**		**GROUP**	
Scope 1 ($TeCO_2e$)		2,778	2,778	8,204	8,204
Scope 2 ($TeCO_2e$)		1,557	0	4,116	2,249
Scope 1 and Scope 2 ($TeCO_2e$)		4,335	2,778	12,320	10,452
INTENSITY FACTOR		**SB UK**		**GROUP**	
Energy Intensity	MJ/Te of product	2,142		1,541	
	GJ/full time employee	417		291	
	MJ/£000's revenue	906		757	
Carbon Intensity (market based)	$kgCO_2e$/Te of product	74		79	
	$TeCO_2e$/full time employee	14		15	
	$kgCO_2e$/£000's revenue	31		39	

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PLANS FOR THE FUTURE

Future Developments

SBCL will focus on building upon and integrating the recent investments in the USA and India.
The impact of Brexit has been felt across the business with increased work required to ensure ongoing compliance. These additional administrative requirements continue to be a cost for SBCL, however the impact of this has been limited through proactive planning.

SBCL continues to experience raw material supply shortages due to disrupted supply chains; the response has included expanding the range of suppliers, increasing stock levels where needed and increasing production flexibility.

SBCL remains in a strong financial position, with a number of opportunities offering strong potential for growth. The Group Leadership Team is focused on the key projects that will unlock this growth and deliver the changes required to achieve 2036 vision. There are future plans to:

- Upgrade more facilities across the SB Group
- Access new markets
- Develop new technology opportunities
- Introduce a process safety audit
- Optimise whilst at the same time transform the current business
- Invest in technology to improve quality and reliability
- Introduce a new global ERP system
- Continue to seek new business opportunities from new and existing sites e.g., in North America and Asia

These plans will help the continued success of the business and thus provide stability for charitable purposes and for the people that work at Scott Bader.

Going Concern

The performance of SBCL for the year to date is in line with expectations, reflecting a strong order book despite subdued economic indicators, and thus the Group continues to trade profitably.

Given continuing economic uncertainty, performance forecasts to 30 June 2024 have been generated under a variety of scenarios, including the application of prudent, worst-case assumptions. Having considered the financial forecasts, the Directors of SBCL remain confident that the Scott Bader Group will be sufficiently well capitalised for the foreseeable future.

A review of the Constitution was undertaken during 2020/21 and the changes proposed were formally accepted by the Commonwealth Members at the AGM in May 2022. The Constitutional review has brought into focus the crucially important principles and practice of how the Commonwealth Board works to discharge its responsibilities at the centre of Scott Bader. This exercise has enabled us to emerge stronger and with renewed confidence and vigour.

As a result of the review the CWB trustees have concluded that improvements are necessary in the way the board itself operates and it intends to implement the following improvements over the next two years:

- **Charity** – we will bolster and reconfigure charitable activities in order to deliver our charitable aims and responsibilities. Funding ratios for charitable donations will remain as present and we wish to widen the meaning of charitable giving including encouraging and re-energising the volunteering undertaken by colleagues. We aim to replicate globally the Keep House model at Wollaston. This will provide local opportunities for good practice and outreach around selected locations around the group.

- **Income** – Currently the Commonwealth Office negotiates its annual operating budget with the Group Board/Group Leadership Team who approve it. In an effort to future-proof this funding, we are considering some changes on how to finance the Commonwealth Office and its democratic activities.

- **Engagement** – We have implemented a refreshed way in which colleagues learn about the features and responsibilities of democracy in Scott Bader. This includes both the induction, orientation, and ‘onboarding’ for new recruits along with the ongoing refreshment necessary to keep everyone committed and engaged.

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- **Key Performance Indicators** – We have recently created a set of internal measures around Member engagement and charitable giving and a set of measures to monitor how the business is performing. Examples of both include the following and the data will be populated during 2023.

Internal Measures

% of eligible colleagues who are Commonwealth Members
% of volunteering days used
% of colleagues voting in AGM
% of colleagues voting in Elections
Total amount donated year to date

Guiding principles / Business Oversight Measures

Guiding principles - Resilience and Longevity
Cash
Financial performance against budget and PY
Working capital
Capex spend and CAPEX/depreciation ratio

Guiding principles – Responsible Innovation
Percentage of roles filled with internal promotions vs external
Staff Turnover
Colleague satisfaction (from Colleague survey)

Guiding principles – Fair Trading
Customer Complaint Percentage

Guiding principles – Environmental Sustainability
Reportable Environmental Incidents

Guiding principles – International presence
EO conferences attended
Formal EO Interactions - UK

STRATEGIC REPORT

Principal Activities

The principal activity of the SBCL Group which sits beneath the Charity continued to be that of the production and distribution of chemicals and related products.

The shareholding in SBCL

The CWB receives information about the performance and management of SBCL at each meeting to enable it to monitor and review the effectiveness of holding the shares as a social investment.

The Trustees are of the opinion that the self-governing representative structure of Scott Bader is of public benefit because wherever it operates colleagues know that the company must:

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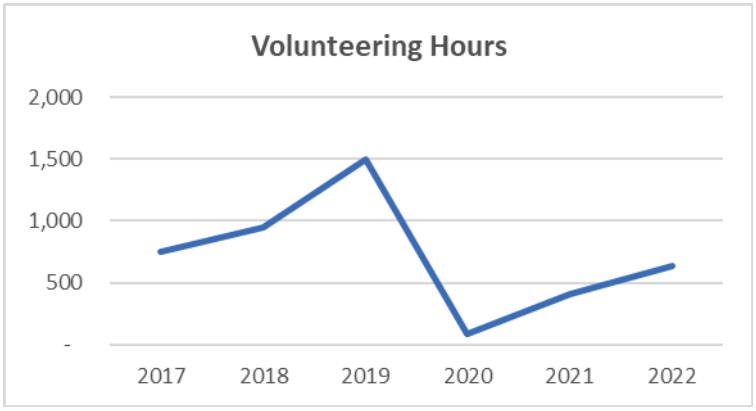
a. Contribute to the stability and economic growth locally, nationally and internationally.
b. Take steps to minimise the effects of the business on the environment.
c. Support its local communities via charitable giving and volunteering.
d. Be an exemplar of an alternative way to run a business.

Involvement of Commonwealth Members

- **The Matched Funding Scheme** provided by SBCL reached circa £19.5k with over 25 charities receiving double what they would have received due to SBCL matching the amounts raised £1 for £1. More companies outside of the UK now also get involved in this scheme such as Croatia and America.

- **Volunteering –** Scott Bader supports its local communities, through a volunteering scheme. All colleagues are granted an additional day's paid leave to volunteer for a not for profit/charitable organisation. The scheme enables colleagues to build relationships and connect with their local communities in support of its wider social purpose.

You can see from the below graph the impact of COVID pandemic had on this scheme. However now that the COVID restrictions are being lifted globally, more colleagues are beginning to use their time to volunteer for worthy causes. During 2022, 635 volunteering hours, were recorded on our HR Oracle platform. This is an increase of over 55% compared to the previous year. There are plans to maximise on this opportunity in 2023.



Some of the activities undertaken by our colleagues are shown below.

Ecology
- Maintenance of local country parks including creating habitats for wildlife (UK)
- Creating a safe outdoor space for preschool children to play (UK)
- Litter picking (UK)

Business
- Coaching and mentoring programme for young unemployed people (UK)
- Attending careers events at Schools and Colleges providing careers advice and guidance (UK)
- Supporting individuals with CV and interview skills (UK)

Humanity
- Ukraine Crisis - In partnership with a local charity equipment was delivered to set up a field hospital & supported the crisis by helping to register refugees at a local checkpoint. (UK & Czech Republic)
- Supporting local primary schools with seasonal events. (UK)
- Delivered essential items to individuals facing homelessness and poverty. (France)

Adherence to the Guiding Principles contained in the Constitution

Information is shared regularly between the three Group Governance bodies, (the Commonwealth Board, the Group Board and the Global Members' Board) and enables input to support the strategic direction. This, together with attendance as observers at both SBCL and the Global Members' Board meetings enable the Guardian Trustees to monitor, on behalf of the CWB, that the business is managed in accordance with the Guiding Principles as set out in the Constitution, which is a major contributing factor to Scott Bader achieving its charitable objects.

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Risk Report

The Trustees have developed a more robust approach to managing the risks to which the charity is exposed to ensure that appropriate controls are in place to provide reasonable assurance against the risks identified. The Trustees undertake a quarterly review of the risk register, which assigns the management of the risks to specific individuals and recommends actions to be taken, where necessary, to manage their likelihood or impact. Risks are added to the register as they arise and are reported and discussed at the quarterly board meetings.

The Charity's main source of income is by payment of a dividend or a donation from SBCL. There is a provision in the Articles of Association of SBCL to ensure that there is a minimum amount paid to the Charity each year (1% of the annual staff salary cost of the Scott Bader Group), the Trustees do not consider this to be a major risk, unless the performance of the Company becomes so precarious that payment of the donation might threaten the very existence of the Scott Bader group.

Principal Risks & Uncertainties

The Charity's key risks are summarised below:

Risk / Uncertainty	Mitigation
1. There is a risk to the charity to continue operating due to lack of funding, therefore unable to achieve charitable objectives & constitutional requirements	There is a formula in place to donate a minimum of 1% of the group's salary cost or 5% of the eligible PBT (whichever is the greater). However, SBCL should budget for minimum payment required to be paid to the Charity. Financial information is reported on a quarterly basis to the Commonwealth Board on the performance of SBCL so it would be reported if the operating company is at risk. There is a second income stream generated from Keep House and there is a view to explore other similar projects in other global locations as well as other income options such as endowments
2. There is a risk of a skills gap for Trustees on the Commonwealth Board resulting in the non-compliance with Charity and Company Law.	All Board Members are provided with the relevant Guidance from Charity Commission on their duties and responsibilities. A skills analysis has been introduced and we refer to this when recruiting new Guardian Trustees. In addition, Induction folders are provided upon appointment, which includes a copy of Constitution, financial reports, minutes, agendas and policies and yearly training is also provided for the Trustees.
3. There is a potential risk of loss of funds for the Charity, leading to reputational risk	The following Internal controls in place to mitigate against this. Detailed quarterly reports are prepared comparing expenditure vs budget. All cheques/bank transfers are authorised by two people, one of which needs to be a Trustee. Bank accounts are reconciled monthly. Policies are reviewed on a yearly basis by the Charity Committee, prior to submission to the full Commonwealth Board for approval.
4. There is a risk of potential miscommunications and (cyber security) risk of interception of shared sensitive business information.	All sensitive data is stored and shared via Diligent Boards which is a board management software and is part of the Diligent Governance Cloud.
5. There is a risk of under occupancy of Keep House / not achieving objectives to utilise the Keep House space, using CWB cash to fund the building & utility costs	This is monitored regularly at the ongoing Keep House committee meetings. Keep House is currently fully occupied.

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Reserves

Reserves are held to provide financial protection for Scott Bader Commonwealth Limited (SBCW) as a going concern, to protect its operations from being adversely affected by unanticipated events. Unanticipated events are identified in the SBCW risk register. However, given that the primary source of income is from the dividend or donation received from Scott Bader Company Limited (SBCL) this does create a risk for the charity.

The charity reserves at 31 December 2022 were £1,937k (2021 : £2,034k) of which £1,450k (2021 : £1,547k) are held as unrestricted income funds.

The Trustees reviewed the Reserves Policy in March 2023 and agreed that reserves will be held for the following purposes:

- Unrestricted Funds - The Trustees have agreed to retain £180k in a range equivalent to approximately three to six months' forward expenditure. These are to be held to protect SBCW against income fluctuations
- Designated Funds – The Trustees have agreed to retain £20k, which will be used for the general refurbishment of the Keep House

The remaining funds which will be administered as per the funding budget agreed by the CWB for 2023.

The Trustees consider this approach to be reasonable in the light of the need for the money to readily available for expenditure against the budget and in the unlikely event that no donation is received from SBCL. Grants will only be awarded to charities upon receipt of funds from SBCL. The group reserves held at 31 December 2022 were £114,093k (2021 : £114,865k), these are held to provide working capital for the group.

Business Performance of SBCL

Whilst the CWB does not get involved in the day-to-day management of SBCL it receives updates at every Commonwealth Board meeting from the CEO Kevin Matthews, and the CFO Neil Miller on the performance of the group. In addition, members of the Group Leadership are invited to attend a CWB meeting on an annual basis to provide an update on their business areas. During 2022 the CWB met with Julie Thorburn, the Group HR Director, Andrew Cottrell the Group Operations Director and Mark Cooper, Group Chief Technology Officer, The Commonwealth Board is also informed of any key issues from the Company Member of the Board.

Having discussed and reviewed the business performance for 2022, the Trustees were pleased to note that:

In July 2022 the Group acquired the commercial operations of Satyen Polymers Pvt Ltd in India. This investment supports the strategic aim of growth in India, seen as a key growth area for the Composites market; local manufacturing also meets the Made in India requirement for that market.

The strategy included entering into a third-party tolling agreement with Satyen Polymers Manufacturing Pvt Ltd, as the Group assesses options around the build out of a suitable manufacturing footprint.
Annual sales increased by £34m (+13%), despite a small 5% reduction in volumes, which was driven by the unprecedented increases in raw material prices.

The ongoing conflict in Ukraine led to disrupted supply chains and inflation in raw materials, energy and other costs, this combined with the general volatile economic climate created a challenging business environment resulting in decreased Operating Profit.

Strong price management meant the Group were able to push the majority of raw material inflation seen in the period through into the sales price.

Other operating costs increased year-on-year by £0.9m from £14.6m to £15.5m reflecting ongoing investment in the business to build out operational and commercial capabilities as the foundation for future growth.

Balance Sheet

Working capital management was a challenge in 2022 with the record high raw material prices and supply chain disruption leading to an increase in working capital requirements.

Overall net cash decreased from £24m to £0.2m in the year driven by the ongoing strategic investment programme in both capital expenditure and the acquisition in India (£21.4m) and also the inflation in working capital (£10.4m) driven by the increase in raw materials and the need for higher stock levels due to supply chain disruption.

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Despite the challenges in the period the Group maintained the investment in its growth strategy and its focus on product mix. Positive performance in Q1 of 2023 maintains sufficient liquidity to manage its operations and provide headroom for increased working capital requirements. The outlook for 2023 see a combination of tight working capital and cash management while continuing to invest the cashflow from operations in supporting the growth of the business.

Additionally, the Group's Revolving Capital Facility (RCF) with NatWest was extended to a 5-year term and increased to $20m in March 2023 providing the Group with significant additional funds for working capital should it be needed. The Group has in excess of £30m receivables and £35m inventories which are currently free of security for financing and remain available to raise working capital facilities.

Investment in US operations
During 2021, the Group acquired a 110,000 square foot industrial unit in Mocksville, North Carolina. 2022 has seen the first stage of the build process to create a US hub for Customer Service, Quality Lab, Distribution, and Manufacturing facility for Gel Coats and Adhesives.

As construction began in July 2022, starting with the offices and labs, a core team (Site Lead, HR, Finance, Production, Quality, SHE, Maintenance, and S&OP) was established in parallel to support the site once it begins to commission volumes in Q2 2023, following the installation of vessels and mixers in November 2022.

This facility will increase the operational capacity of the Group and fundamentally improve the Group's ability to deliver its products across the Americas region once online.

IT improvements
IT improvements continued apace through 2022, successfully building out the systems architecture and company blueprint in line with the stated objective of modernising the ERP system to become "evergreen" in nature. With this phase complete the Group has taken a strategic decision to focus on attaining in the short term some of the operational opportunities to improve how the Group utilises the current ERP system. These include:

- Onboarding new divisions
- Delivering improved S&OP processes
- Improving end-to-end effectiveness

This will allow the Group to realise some of the benefits of the project earlier than anticipated and has the additional benefit of allowing increased investment into business critical SHE capital projects in 2023.

Completion of the Constitutional Review
The Constitutional Review was completed in 2022 and provides the Commonwealth and wider Group stakeholders with precise guidance on the purpose of each of the governing boards and how they interrelate. Available in more than 4 languages, it improves the governance by providing further transparency on the interactions and accountability between bodies.

Diversity and inclusion
Diversity, inclusion and mutual respect was added to our Guiding Principles during the recent Constitution review where Scott Bader aims to provide an inclusive, diverse and mutually respectful culture and environment where everyone is treated equally and given equal opportunities regardless of their race, age, gender, sexuality, disability, culture or individual differences through all stages of the colleague lifecycle from recruitment, through onboarding, training and development. To help achieve and monitor this, the business intends to go for certification to ISO 30415 in 2023.
As part of this process a Diversity & Inclusion Council has been formed, made up of colleagues from around the group to help define, review and continually improve our policies, practices and behaviours in this field.

A Diversity & Inclusion Policy and Framework has been shared with all the governance groups, which have all approved and committed to fully support our implementation of a fully diverse and inclusive environment for all.

Employment of Disabled Persons
It is the Group's policy to offer equal opportunities to disabled persons applying for vacancies, having regard to their aptitudes and abilities in relation to the posts for which they apply. Our Interview, onboarding process and Learning and Development processes are non discriminating against any visible or non-visible disability. We make every effort to ensure our workplaces are suitable and accessible to all colleagues regardless of any visible or non-visible disability they may have and we have policies in place to address any changes in a person's physical abilities.

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Regular Diversity and inclusion training takes places at all levels of the business.

Employee, Environment, Social & Governance Committee
A Group Sustainability Committee was established in 2020 and Chaired by Steven Brown until he stepped down as Community Director in June 2022. At this point a decision was taken by the Board of SBCL to widen the remit to encompass Employee, Environment, Social and Governance (EESG) matters. To ensure these matters are considered within the Board decision making process, a Board EESG Committee was set up with a Terms of Reference to guide its work. In tandem, a revised EESG Steering Team has been put in place by the Executive Leadership Team with membership from across the Group, including representation from both Global Members Board (GMB) & the Commonwealth, to work closely with the EESG Board Committee, to inform the Committee's work and to support execution against its objectives.

The EESG Steering Team held two meetings and the Board EESG Committee held one formal meeting. To guide the work moving forwards, the EESG Steering Team is working through the process to help identify a small number of tangibles, stretching but achievable targets over the next 2-3 years that can enable the organisation to move forward and ultimately meet the 2036 vision.

Stakeholder Engagement
Our core values remain at the heart of the Company to ensure we work co-operatively and collaboratively across our colleagues, customers to deliver excellence, and to conduct ourselves in a fair, honest and ethical way.

SBCL is mindful of its broader commitments to stakeholders. Internally this includes the pledge to brief and consult colleagues for significant decisions, the employment of disabled persons, offering equal opportunities to all, as well as ensuring we work co-operatively and collaboratively. Externally this commitment covers broader corporate responsibility, the conduct of business with honesty, integrity, and fairness at all times, and also our impact on the environment through publication of metrics.

Section 172 (1) statement

The Scott Bader Constitution sets out the principles, values and behaviours by which we operate. Although the Commonwealth Board is not involved in the day-to-day running of the business, it does have responsibility for ensuring the company adheres to the Guiding Principles. Although the Constitution pre-dates this section of the Companies Act, the principles meet the requirements of Section 172 Companies Act 2006.
In keeping with the requirements of section 172 of the Companies Act which requires the Commonwealth Board to take into consideration the interests of stakeholders in its decision making, this section provides information about the Board's approach to engagement with stakeholders, namely: Colleagues and the wider community and environment.

Decision making at the Board

Throughout 2022 the Commonwealth Board continued to engage with the Group Board and a number of subcommittees in order to fulfil the responsibilities for oversight. The Board also monitors the development of industrial democracy within Scott Bader.

Engaging with Others

Our core values remain at the heart of the Company to ensure we work co-operatively and collaboratively across our colleagues, customers to deliver excellence, and to conduct ourselves in a fair, honest and ethical way. Colleagues are expected to take personal responsibility to do their best for the Company and in so doing, colleagues commit to the principles of common trusteeship and to making the Company a successful and sustainable organisation. Our core values have been refreshed and will be embedded in our colleague practices.

Industrial democratic practice is a major part of colleague engagement, and all those who work in the Company are consulted on decisions that may affect their interests in accordance with Scott Bader's Constitution. It is the policy of Scott Bader that colleague participation in decision making is implemented at all levels

Long-term sustainability

We aim to make sufficient profit to sustain the SBCL's commercial vitality. This is balanced against the needs of our colleagues, customers and the community to ensure that we are conducting all our business relationships with integrity. The long-term sustainability of SBCW is at the forefront of decision-making, particularly in response to the challenging conditions that SBCL faces with raw material supply shortages.

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Community and environment

Our founder established Scott Bader Commonwealth Limited to be a force for good in society. We are driven to make a difference and create social impact, using the skills and resources within the group to support where help is needed. We support our communities via a number of ways as highlighted throughout this report with the ambition to improve the lives of those most vulnerable and enabling our colleagues the opportunity to make a difference locally.

Environmental care

SBCL will take reasonable steps to minimise any detrimental impact the Company's operations may have on the environment. An environmental provision was originally established in SBCL as a future payment for the required restitution of land when the relevant subsidiary companies vacate the premises currently occupied. The provision is expected to be utilised over 10 years although there is no intention to leave any of the affected sites.

SBCL focus on energy usage and how they generate energy and aspires to have all its manufacturing sites audited against ISO 14001, with 5 out of 6 sites already certified. The Group recognises that the production of electricity is a major contributor to CO2 emissions. Further detail is reported in the Scott Bader Company Limited's Annual Report.

Independent auditors

RSM UK Audit LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' and officers' liability insurance

The Trustees (who are also directors of The Scott Bader Commonwealth Limited for the purposes of company law) are insured against the costs of successfully defending any actions brought for negligence in the performance of their duties as Directors.

The Board of Trustees approved this report and, the Strategic Report in their capacity as directors on 24th May 2023.

Signed on behalf of the Trustees by:

DocuSigned by:
Andrew Bell
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Andrew Bell
Trustee

DocuSigned by:
Paul Smith
57FFDAA0F9364E1...
Paul Smith
Trustee

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Trustees' responsibilities statement

The Trustees who are also the directors of the Scott Bader Commonwealth Limited (for the purpose of company law) are responsible for preparing the Trustees' Report including the Strategic Report and the Director's Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

The Trustees powers and responsibilities are defined in the Articles of Association of SBCW in furtherance of which SBCW has and may exercise the power to exercise oversight of the Scott Bader Group to ensure appropriate governance risk and compliance processes are in place to ensure the long-term success of the business.

Under company and charity law the Trustees 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 group and the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the group and the charitable company for that period.

In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

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Opinion

We have audited the financial statements of The Scott Bader Commonwealth Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Group and Charity Statements of Financial Activities (incorporating an income and expenditure account), Group and Charity Balance Sheets, Group Cash Flow Statement and notes to the financial statements, including 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 the parent charitable company's affairs as at 31 December 2022 and of the group's incoming resources and application of resources, including its income and expenditure, 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 group and parent charitable 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report of the Trustees other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Report of the Trustees. 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.

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

We have nothing to report in this regard.

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 Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

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- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 17, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the group's and parent charitable 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 trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

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- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operate in and how the group and parent charitable company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal and external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety and environmental compliance. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, review of accounting policies in relation to revenue recognition and sample testing revenue.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the consolidated financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our group audit approach.

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

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

GARETH JONES (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

15 June 2023

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THE SCOTT BADER COMMONWEALTH LIMITED

GROUP AND CHARITY STATEMENTS OF FINANCIAL ACTIVITIES (incorporating an income and expenditure account)

For the year ended 31 December 2022

	Notes	Group 2022 Unrestricted* £'000	Group 2021 Unrestricted* £'000	Charity 2022 Unrestricted* £'000	Charity 2021 Unrestricted* £'000
Income from:					
Donation		**-**	-	**305**	552
Other trading activities:					
Commercial trading operations		**304,520**	270,266	**-**	-
		304,520	270,266	**305**	552
Investment income	5	**363**	203	**42**	37
Total income	4	**304,883**	270,469	**347**	589
Expenditure on:					
Raising funds:					
Commercial trading operations		**(302,469)**	(261,541)	**-**	-
Charitable activities	9	**(387)**	(336)	**(444)**	(408)
Total expenditure	6	**(302,856)**	(261,877)	**(444)**	(408)
Net income excluding joint venture income		**2,027**	8,592	**(97)**	181
Share of net income from joint ventures		**197**	280	**-**	-
Net income before tax for the financial year		**2,224**	8,872	**(97)**	181
Tax payable	10	**(237)**	(1,174)	**-**	-
Net income before net losses on investments		**1,987**	7,698	**(97)**	181
Net losses on investments		**-**	(30)	**-**	(30)
Net income		**1,987**	7,668	**(97)**	151
Attributable to the owner		1,966	7,637	-	-
Attributable to Non-Controlling Interest		21	31	-	-
Net income		**1,987**	7,668	**(97)**	151
Other recognised gains / (losses):					
Actuarial (loss) / gain on defined benefit pension	23	**(10,054)**	1,183	**-**	-
Change in value of hedging instrument		**90**	44	**-**	-
Currency translation differences		**4,692**	(992)	**-**	-
Deferred tax on other recognised gains and losses		**2,513**	(292)	**-**	-
Net movement in funds		**(772)**	7,611	**(97)**	151
Attributable to the owner		**(793)**	7,580	**-**	-
Attributable to the NCI		**21**	31	**-**	-
Net movement in funds		**(772)**	7,611	**(97)**	151
Total funds brought forward	25	**114,865**	107,254	**2,034**	1,883
Total funds carried forward	25	**114,093**	114,865	**1,937**	2,034

*Unrestricted funds include designated funds and movement on these funds can be seen in note 25.

The accompanying accounting policies and notes form an integral part of these financial statements.

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THE SCOTT BADER COMMONWEALTH LIMITED
GROUP AND CHARITY BALANCE SHEETS
At 31 December 2022

	Notes	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Fixed assets					
Intangible fixed assets	12	**7,768**	272	**-**	-
Tangible fixed assets	13	**58,143**	48,729	**-**	-
Investment property	15	**495**	495	**495**	495
Interests in joint ventures	14/15	**414**	591	**-**	**-**
		66,820	50,087	**495**	495
Current assets					
Stocks	16	**38,279**	32,898	**-**	-
Debtors	17	**51,398**	49,498	**1,089**	1,352
Debtors greater than one year	18	**2,499**	-	**-**	-
Cash at bank and in hand		**21,611**	32,421	**405**	235
		113,787	114,817	**1,494**	1,587
Current liabilities					
Creditors: amounts falling due within one year	19	**65,129**	59,933	**52**	48
Net current assets		**48,658**	54,884	**1,442**	1,539
Total assets less current liabilities		**115,478**	104,971	**1,937**	2,034
Creditors: amounts falling due after more than one year	20	**1,372**	1,366	**-**	-
Provisions	22	**7,521**	5,536	**-**	-
		8,893	6,902	**-**	-
Net assets excluding pension asset		**106,585**	98,069	**1,937**	2,034
Pension asset	23	**7,508**	16,796	**-**	-
Net assets		**114,093**	114,865	**1,937**	2,034
Reserves:					
General reserve funds					
Unrestricted income funds	25	**113,554**	114,347	**1,450**	1,547
Designated funds					
Fair Value Reserve	25	**487**	487	**487**	487
Non-Controlling interest					
Non – Controlling interest	25	**52**	31	**-**	-
		114,093	114,865	**1,937**	2,034

The financial statements on pages 21 to 56 were approved by the board of Trustees on 24th May 2023 and signed on their behalf by

DocuSigned by:
Andrew Bell
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Andrew Bell
Trustee

DocuSigned by:
Paul Smith
57FFDAA0F9364E1...
Paul Smith
Trustee

Company number: 496082
The accompanying accounting policies and notes form an integral part of these financial statements.

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THE SCOTT BADER COMMONWEALTH LIMITED

GROUP CASH FLOW STATEMENT

For the year ended 31 December 2022

	Notes	2022		2021	
		£'000	**£'000**	£'000	£'000
Net cash (used in) / provided by operating activities	**26**		**(1,224)**		857
Taxation paid			**(3,105)**		(1,633)
Net cash used in operating activities			**(4,329)**		(776)
Cash flows from investing activities					
Purchase of tangible assets		**(13,297)**		(13,006)	
Purchase of intangible assets		**(8,092)**		-	
Proceeds from disposals of tangible assets		**105**		4	
Dividends received from joint ventures		**368**		96	
Rental income received		**36**		-	
Interest received		**50**		187	
Net cash used in investing activities			**(20,830)**		(12,719)
Cash flows from financing activities					
Repayment of bank loans		**-**		(590)	
New bank loans		**7,802**		-	
Interest paid		**(328)**		(95)	
Net cash generated from / (used in) financing activities			**7,474**		(685)
Net decrease in cash and cash equivalents			**(17,685)**		(14,180)
Effect of exchange rates on cash and cash equivalents			**1,916**		(473)
Cash and cash equivalents at the beginning of the year			**26,012**		40,665
Cash and cash equivalents at the end of the year			**10,243**		26,012
Cash and cash equivalents consist of:					
Cash at bank and in hand			**21,611**		32,421
Bank overdrafts			**(11,368)**		(6,409)
Cash and cash equivalents at the end of the year			**10,243**		26,012

The accompanying accounting policies and notes form an integral part of these financial statements.

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1. STATEMENT OF COMPLIANCE

Scott Bader Commonwealth Limited is a private company, limited by guarantee, incorporated in England and Wales and domiciled in England. The company number is 496082 and the registered office is Wollaston Hall, Wollaston, Wellingborough, Northamptonshire, NN29 7RL.

The financial statements have been prepared in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Principles activities are noted on page 10.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the measurement of certain financial assets and liabilities measured at fair value.

The charitable company constitutes a public benefit entity as defined by FRS102.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Reduced disclosures

In accordance with FRS 102, the Charity has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Interest income/expense and net gains/losses for financial instruments not measured at fair value, amount of any impairment loss, risks arising from financial instruments, and transferred financial assets not derecognised, loan defaults or breaches, and descriptions of hedging relationships.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

Going Concern

When assessing the going concern principle for the Commonwealth, considerations of the Trustees include, but are not limited to the following in relation to SBCL; the Financial position of the Group as at 31st December 2022, the most recent cash position, the projected cashflows and the availability and headroom of the financing facilities across the group.

During this challenging period the Group Leadership Team (GLT) has generated forecasts to 30 June 2024 under a variety of scenarios, and these include particularly prudent, worst case assumptions. On the basis of these forecasts, the Trustees remain confident that the Group will be sufficiently well capitalised for the foreseeable future.

Having considered the financial forecasts, the Trustees are confident that the Scott Bader Group, and therefore the Commonwealth, remains a going concern, and that the results within this document represent a true and fair view of the position of the Group.

The accounts are prepared on the going concern basis.

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2. ACCOUNTING POLICIES (CONTINUED)

Group financial statements and basis of consolidation

These financial statements consolidate the results of the Charity and all its subsidiary undertakings made up to 31 December.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures.

In the group financial statements, joint ventures are accounted for using the equity method.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

Foreign currency

(i) Functional and presentation currency
The Group financial statements are presented in pound sterling and rounded to thousands.
The Charity's functional and presentation currency is the pound sterling.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(iii) Translation
The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net assets and from the translation of the profits or losses at average rates are included in other recognised gains and losses.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity.

(i) Sale of goods
The risks and rewards of ownership of goods are deemed to have been transferred when the goods are shipped to, or picked up by the customer.

(ii) Interest income
Interest income is recognised using the effective interest rate method.

(iii) Rental income
Rental income is recognised on a straight line basis over the life of the rental period.

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2. ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

(iv) Voluntary income

Voluntary income including donations, gifts and grants that provide core funding or of a general nature are recognised where there is entitlement, receipt is probable and the amount can be measured with sufficient reliability.

Employee benefits

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

(i) Short term benefits
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans
The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

(iii) Defined benefit pension plan
The Group operates a defined benefit plan for certain UK employees. This scheme was closed to future accrual from 1 April 2006. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset recognised in the balance sheet in respect of the defined benefit plan is the fair value of the plan assets at the reporting date less the present value of the defined benefit obligation at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments (‘discount rate’).

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group’s policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other recognised gains and losses. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as ‘Remeasurement of net defined benefit asset’.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:
(a) the increase in pension benefit liability arising from employee service during the period; and
(b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as ‘Interest payable and similar charges’.

(iv) Other retirement benefits
Scott Bader France is required by French law to provide a lump sum to employees on retirement, based on length of service with the employer. The provision is calculated according to French government assumptions of life expectancy and a standard discount rate. The provision is applied to those employees with less than 15 years until retirement because it is assumed that some employees will leave before reaching retirement age.

(v) Annual bonus plan
The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

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2. ACCOUNTING POLICIES (CONTINUED)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items in other recognised gains and losses. In this case tax is also included in other recognised gains and losses.

Current or deferred taxation assets and liabilities are not discounted.
(i) Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax
Deferred tax arises from timing differences that are differences between taxable profits and total net income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

(iii) Deferred tax in business combinations
Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

(iv) Offsetting deferred tax assets and liabilities
Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised up to a period of 0 to 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement.

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2. ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Intangible assets are stated at cost or fair value at acquisition date less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, of up to 10 years, in line with the Directors' assessment of the beneficial period.

Goodwill	0 – 10 years
Technology	0 – 10 years
Customer Lists	0 – 10 years

Tangible fixed assets and depreciation

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives**.**

(i) Land & buildings
Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

Leasehold properties are amortised in equal instalments over the lesser of the unexpired term of the relevant lease or fifty years, except that premiums paid or receivable on the acquisition of leasehold properties applicable to rental benefits are written off over the period to the first open market rent review.

(ii) Plant and machinery and fixtures, fittings, tools and equipment
Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation and residual values
Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

Freehold buildings	50 years
Short leasehold land and buildings	over the lease period
Plant and equipment	3-20 years
Motor vehicles	4-5 years

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Any impairment loss recognised for goodwill is not reversed. For fixed assets other than goodwill, recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

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2. ACCOUNTING POLICIES (CONTINUED)

Leased assets (continued)

(i) Finance leased assets
Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

(i) Finance leased assets (continued)
The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

(ii) Operating leased assets
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(iii) Lease incentives
Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

The Charity has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

Investments

Charity Investment in subsidiaries and joint ventures are held at cost less accumulated impairment losses. Group Investments in joint ventures are stated in the group balance sheet at the group's share of their net assets.
The group's share of profits less losses of joint ventures is included in the group statement of financial activities.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Stocks are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition. The cost of manufactured finished goods includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity).

At the end of each reporting period stock are assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

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2. ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

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

Provisions and contingencies

(i) Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(ii) Contingencies
Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events

(a) when it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date; or
(b) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the likelihood of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets
Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when
(a) the contractual rights to the cash flows from the asset expire or are settled, or
(b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or
(c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities
Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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2. ACCOUNTING POLICIES (CONTINUED)

(ii) Financial liabilities (continued)

Bills of exchange are recognised at face value and recorded at amortised cost until the date of maturity and the payment against it is realised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement, in which case they flow through Other Comprehensive Income.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Research and development costs

Expenditure on research and development is written off as incurred.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. If applicable, the aim and use of each designated fund is set out in the notes to the financial statements.
All funds are general except for the fair value reserve which is a designated fund.

Resources expended

Expenditure is recognised when a liability is incurred. Contractual arrangements are recognised as goods or services are supplied. Other payments are recognised when a constructive obligation arises that results in the payment being unavoidable.

- Costs of generating funds are those costs incurred in trading activities that raise funds.
- Charitable activities include expenditure associated with the Commonwealth.
- Governance costs include those incurred in the governance of the Charity and its assets and are primarily associated with constitutional and statutory requirements.
- Charitable donations and grants are accounted for in the year of payment or when approved and the recipient has been informed in writing that the donation is to be made unconditionally, albeit that payment may be in a following accounting period. Where it has been agreed to make such unconditional donations or grants to charity in future years this is included in the accounts as a liability.

Investment property

Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure. Investment properties are carried at fair value with changes in fair value being recognised in the SOFA through the Fair Value Reserve.

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3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Impairment of debtors (note 17)
The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

(ii) Provisions (note 22)
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

(iii) Defined benefit pension scheme (note 23)
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, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

(iv) Accruals for customer claims
Accruals are made for customer claims to the extent that they are expected to be payable based upon the historical pattern of customer claims and any known uninsured product liability.

4. ANALYSIS OF TOTAL INCOME

		Group		Charity	
		2022	2021	**2022**	2021
	Note	**£'000**	£'000	**£'000**	£'000
External turnover of Scott Bader Company Limited and its subsidiaries		**304,520**	270,267	**-**	-
Rental income		**7**	15	**36**	33
Investment income	5	**356**	187	**6**	4
Donation from Scott Bader Company Limited		**-**	-	**305**	552
		304,883	270,469	**347**	589

External turnover of Scott Bader Company Limited and its subsidiaries by geographical market is analysed below:

	2022	2021
	£'000	£'000
UK and Eire	**51,706**	56,422
Continental Europe	**135,202**	100,136
Rest of World	**117,612**	113,709
	304,520	270,267

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5. INVESTMENT INCOME

	Group		Charity	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Interest receivable and similar income	**356**	187	**6**	4
	356	187	**6**	4

6. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Group		Charity	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Staff costs (including related costs)	**40,885**	40,957	**-**	-
Other trading costs	**261,584**	220,584	**-**	-
Charitable activities	**387**	336	**444**	408
	302,856	261,877	**444**	408

7. NET INCOMING RESOURCES

	Group	
	2022	2021
Net incoming resources is stated after charging / (crediting) the following items:	**£'000**	£'000
Research and development	**4,376**	3,825
Depreciation and amortisation	**5,959**	5,262
Net interest on DB Pension Scheme	**(306)**	(175)
Profit on disposal of tangible assets	**33**	45
Impairment of trade receivables	**185**	(147)
Impairment of inventory	**722**	606
Operating lease charges	**2,753**	1,416
Foreign exchange loss / (gain)	**510**	(461)
Auditor's remuneration:		
Fees payable to the Charity's auditors:		
- for the audit of the Charity's financial statements	**22**	38
- for the audit of the Charity's subsidiaries	**274**	301
Other non-audit fees	**79**	144

The audit fees of the Charity itself are paid by Scott Bader Company Limited.

8. INTEREST AND SIMILAR ITEMS

	Group	
Interest payable and similar charges:	**2022**	2021
	£'000	£'000
Interest expense on bank loans and overdrafts	**307**	89
Interest expense on other loans	**21**	6
Total interest expense on financial liabilities not measured at fair value through profit/loss	**328**	95
Total interest payable and similar charges	**328**	95

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9. EXPENDITURE ON CHARITABLE ACTIVITIES

The Scott Bader Commonwealth Limited has a policy of making grants to organisations and not individuals. Information about the charitable donations (grants) made by The Scott Bader Commonwealth Limited is given below. As advised earlier in the report, funds are made available to all the companies in the Scott Bader Group (proportionate to the number of people employed at each location). Via small Charity committees (if they choose) they then submit applications via the grant management tool OPTIMY, which was introduced to simplify and streamline the grant making process.

The Trustees are aware that some locations prefer to support the same charities year on year, but consider it is acceptable to form long term relationships with the charities that they consider are looking after the welfare of those less fortunate in the communities where they operate.

Commonwealth Community Hardship Fund

Charity Name	**2022 £'000**	2021 £'000
EducAid Sierra Leone (H)	4.0	
Friars Multi Academy Trust (E)	4.0	
Friends of Kipkelion (H)	3.0	
Global Giving UK (P)	2.0	
Health Improvement Project Zanzibar (H)	4.0	
Nicodemus (Dis'ad)	3.0	
Northamptonshire Community Foundation (P)	10.0	
Teeside Hospice (H)	3.0	
Zimbabwe Educational Trust (H)	4.0	
	37.0	145.1

UK Fund

Charity Name	**2022 £'000**	2021 £'000
UK Nomination Scheme	36.0	
Small donations to support small local charities with their fund-raising activities	1.0	
Base 51 (YW)	7.0	
Children's Hospital Pyjamas (YW)	2.0	
Christians Against Poverty (P)	2.0	
Downs Syndrome Association (Dis)	5.0	
Happy & Healthy Trust (E)	3.0	
Happy Space UK (YW)	5.0	
Home Start Daventry & South Northants (Dis'ad)	9.0	
Light House Women's Aid (YW)	2.0	
Living Paintings (Dis)	2.0	
Natural Breaks (Dis)	4.0	
Oxfordshire Youth (YW)	5.0	
Read For Good (Dis'ad)	3.0	
Rush2TheDen (YW)	1.0	
Smart CJS (P)	4.0	
Sonshine Club (Dis)	4.0	
Souster Youth (YW)	4.0	
Speakers for Schools (E)	2.0	
Step by Step (Dis)	1.0	
Technology Awareness Group (YW)	4.0	
Teen Action (E)	4.0	
The Compassionate Friends (Dis'ad)	1.0	
The Country Trust (E)	5.0	
The Vayyu Foundation (En)	4.0	
	120.0	62.6

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9. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

Dublin

Charity Name	**2022 £'000**	2021 £'000
Nomination Scheme	1.0	3.9
	1.0	3.9

France

Charity Name	**2022 £'000**	2021 £'000
Small donations	4.0	
Baby Basics (Dis'ad)	1.0	
Contact (Dis)	5.0	
Drama Expressions for Children (YW)	5.0	
Federation Somme Secours Populaire (P)	2.0	
For Senegal (H)	5.0	
Grandir Sans Cancer (H)	1.0	
La Bonne Casse (E)	8.0	
Oakfield Easton Maudit (E)	5.0	
Relais Social (Dis'ad)	9.0	
SOUC (E)	1.0	
	46.0	21.7

Croatia

Charity Name	**2022 £'000**	2021 £'000
Association Firefly (H)	10.0	
International Association of Natural Health (H)	3.0	
Izaberi Zivot (En)	3.0	
Mali Zmaj (E)	10.0	
MS Pilates (H)	2.0	
Association of Blood Donors (H)	3.0	
	31.0	17.3

South Africa

Charity Name	**2022 £'000**	2021 £'000
1000 Hills Community Helpers (H)	5.0	
African Wanderers Football Club Academy (YW)	1.0	
Christel House (E)	3.0	
Elangabini School (E)	1.0	
Focus On iThemba (E)	2.0	
FoodForwardSA (P)	3.0	
Hammarsdale Cato Ridge Development Programme (En)	2.0	
Little Elephant Training Centre Early Education (En)	4.0	
Mathematics Specialist (E)	1.0	
Solomons Haven (P)	3.0	
The Loved Ones of God Family Care Centre (P)	2.0	
Vumelani Creche & Pre-School (E)	1.0	
	28.0	16.0

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9. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

Dubai

Charity Name	**2022 £'000**	2021 £'000
Frank Water (Dis'ad)	10.0	
Help in Need (E)	3.0	
MAAN Education & Health Development Organisation (En)	8.0	
Maharshi Karve Stree Shikshan Samstha (E)	3.0	
Naya Qadam Trust (P)	3.0	
Reed Foundation (E)	2.0	
Royal Commonwealth Society for the Blind (E)	2.0	
Ruchika Social Service Organisation (YW)	2.0	
SOS Children's Village Philippines (E)	2.0	
The Rainbow Centre Sri Lanka (E)	2.0	
Trust for the Rehabilitation for the Paralysed (Dis)	2.0	
	39.0	22.9

Germany

Charity Name	**2022 £'000**	2021 £'000
Artze Ohne Grenzen (H)	3.0	
	3.0	2.8

China

Charity Name	**2022 £'000**	2021 £'000
Shanghai Charity Foundation (Dis)	7.0	
	7.0	4.3

USA

Charity Name	**2022 £'000**	2021 £'000
Nomination Scheme	4.0	
Small donations	7.0	
	11.0	6.0

Spain

Charity Name	**2022 £'000**	2021 £'000
Ong Gra De Blat (P)	4.0	
	4.0	3.0

Czech Republic

Charity Name	**2022 £'000**	2021 £'000
Czech Blind United (Dis)	2.0	
Helppes Centrum (Dis)	1.0	
Nadace Jedlickova Ustavu (Dis)	2.0	
	5.0	3.8

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9. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

Canada

Charity Name	**2022 £'000**	2021 £'000
Centre D'ecoute et de Prevention Suicide Drummond (H)	2.0	
Comptoir Alimentare Drummond (H)	2.0	
Fondation Le Tremplin (E)	2.0	
Fondation Rene Verrier (H)	2.0	
La Tablee Populaire (P)	2.0	
Loeys-Dietz Syndrome Foundation, Canada (H)	4.0	
	14.0	8.3

Australia

Charity Name	**2022 £'000**	2021 £'000
Fight MND (H)	3.0	
JET Australia Foundation Limited (E)	2.0	
	5.0	2.5

Japan

Charity Name	**2022 £'000**	2021 £'000
Global Giving UK (En)	3	
	3.0	**-**

Sweden

Charity Name	**2022 £'000**	2021 £'000
BarncancerFonden (H)	4.0	
Falkenbergs Fontanhus (Dis)	1.0	
	5.0	3.8

President's Fund

Charity Name	**2022 £'000**	2021 £'000
10 grants provided totalling	8.0	7.5
	8.0	**7.5**

Research Grants

Charity Name	**2022 £'000**	2021 £'000
Ownership at Work	5	
EOA Knowledge Programme	10	
	15.0	**-**

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9. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

	2022 £'000	2021 £'000
Total direct charitable expenditure	**382.0**	331.0
Governance costs	**5.0**	5.0
Total direct charitable expenditure	**387.0**	336.0

10. TAXATION

The Commonwealth is registered as a Charity and as such is exempt from Corporation Tax. However tax is payable by Scott Bader Company Limited and its subsidiaries.

a) Tax expense included in profit or loss	**2022**	2021
	£'000	£'000
Current tax:		
– UK Corporation tax on profits for the year	**(1)**	603
– Foreign corporation tax on profits for the year	**483**	1,613
– Adjustment in respect of prior periods	**(1,413)**	813
Group current tax	**(931)**	3,029
Share of joint ventures' current tax	**-**	-
Total current tax	**(931)**	3,029
Deferred tax:		
– Change in tax rate	**(81)**	566
– Origination and reversal of timing differences	**(229)**	(781)
– Adjustment in respect of prior periods	**1,478**	(1,640)
Group and total deferred tax	**1,168**	(1,855)
Group current tax	**(931)**	3,029
Group deferred tax	**1,168**	(1,855)
Group tax on profit on ordinary activities	**237**	1,174

b) Tax expense included in other comprehensive income	**2022**	2021
	£'000	£'000
Deferred tax:		
– Change in tax rate	**603**	-
– Origination and reversal of timing differences	**1,910**	(292)
Total tax credit / (expense) included in other comprehensive income	**2,513**	(292)

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10. TAXATION (CONTINUED)

(c) Reconciliation of tax charge

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK 19% (2021: 19%). The differences are explained below:	**2022 £'000**	2021 £'000
Total net income before tax for the financial year	**2,224**	8,872
Profit on ordinary activities at standard rate of corporation taxation in the UK: 19% (2021: 19%)	**423**	1,686
Effects of:		
Foreign subsidiary profits within zero tax rate regime	**(215)**	(557)
Other adjustments in respect of foreign tax rates	**49**	311
(Income) / Expenses not deductible for tax purposes	**(275)**	107
Unrecognised deferred tax	**271**	(111)
Re-measurement of deferred tax (change in tax rate)	**(81)**	566
Adjustment in respect of prior periods	**65**	(828)
Group tax on profit on ordinary activities:	**237**	1,174

The Effective Tax Rate (ETR) of the Group (excluding adjustments in respect of prior periods) decreased by 11.2% to 7.4% (2021: 18.6%).

11. ANALYSIS OF STAFF COSTS

Charity does not have its own employees or staff costs. Following are disclosures for the Group.

	2022 £'000	2021 £'000
Wages and salaries	**31,561**	25,684
Staff bonuses	**401**	4,944
Other staff benefits	**1,706**	3,132
Social security costs	**4,782**	3,855
Pension costs - payments to defined contribution schemes	**1,915**	2,008
Other retirement provisions	**-**	(46)
Redundancy	**520**	1,380
	40,885	40,957

Expenses reimbursed to the Trustees in the year were £4.1k (2021: £1.7k), relating to travel and subsistence for 5 Trustees (2021: 4).

The directors of the Charity do not receive remuneration in their role as directors of the Charity. Employee elected directors receive remuneration for their operational roles in the Scott Bader Group company that they are employed, with the amount received noted below for their period as Trustee:

	2022 £'000	2021 £'000
Basic Salary	**134**	183
Pension contributions and other benefits	**-**	5
Bonuses	**26**	18
	160	206

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11. ANALYSIS OF STAFF COSTS (CONTINUED)

The remuneration of key management personnel of the Group was £1,963,000 (2021: £1,888,000). This includes Directors' remuneration noted above. Key management personnel are defined by their involvement within the day-to-day decision making of the Group strategy and comprise of the Group Leadership Team (GLT) and Regional Business Leaders. There are no trustees to whom retirement benefits are accruing.

The number of employees whose total employee benefits exceeded £60,000 during the year for the charitable group was:

	2022 Number	2021 Number
£60,001 - £70,000	**33**	105
£70,001 - £80,000	**22**	27
£80,001 - £90,000	**17**	18
£90,001 - £100,000	**14**	11
£100,001 - £110,000	**7**	6
£110,001 - £120,000	**2**	5
£120,001 - £130,000	**2**	7
£130,001 - £140,000	**4**	5
£140,001 - £150,000	**1**	3
£150,001 - £160,000	**1**	2
£160,001 - £170,000	**2**	2
£170,001 - £180,000	**1**	2
£180,001 - £190,000	**1**	1
£190,001 - £200,000	**1**	-
£200,001 - £210,000	**-**	1
£210,001 - £220,000	**-**	1
£270,001 - £280,000	**-**	1
£370,001 - £380,000	**2**	-
£390,001 - £400,000	**-**	1
	110	198

The average number of persons employed during the period by geographical area was as follows:

	2022 Number	2021 Number
UK and Eire	**328**	298
Continental Europe	**219**	207
Rest of World	**220**	198
	767	703

The average number of persons employed by the Group by activity was as follows:

	2022 Number	2021 Number
Administration	**109**	95
Research & Development	**53**	46
Manufacturing & Distribution	**453**	429
Sales & Marketing	**152**	133
	767	703

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12. INTANGIBLE FIXED ASSETS

Group	**Goodwill**	**Customer lists**	**Technology**	**Group Total**
	£'000	**£'000**	**£'000**	**£'000**
Cost at 1 January 2022	1,456	-	1,066	2,522
Additions	221	1,308	6,563	8,092
Disposals	-	-	(6)	(6)
Reclassification	-	-	(251)	(251)
Difference on exchange	75	-	10	85
Cost at 31 December 2022	**1,752**	**1,308**	**7,382**	**10,442**
Accumulated Amortisation at 1 January 2022	1,255	-	995	2,250
Charge for the year	115	97	376	588
Disposals	-	-	(6)	(6)
Reclassification	29	-	(203)	(174)
Difference on exchange	16	-	-	16
At 31 December 2022	**1,415**	**97**	**1,162**	**2,674**
Net book value at 31 December 2022	**337**	**1,211**	**6,220**	**7,768**
Net book value at 31 December 2021	201	-	71	272

Assets in the course of construction and on which depreciation has yet to commence are included in the cost of Technology to the value of £1,906,000 (2021: Nil).

Amortization has been included within expenditures on commercial trading operations.

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13. TANGIBLE FIXED ASSETS

Group	Land and Buildings		Plant and equipment	Motor vehicles	Total
	Freehold	Short leasehold			
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 January 2022	39,911	4,833	86,830	422	131,996
Additions	1,252	258	11,596	191	13,297
Disposals	(59)	-	(201)	(151)	(411)
Reclassification	-	-	77	-	77
Difference on exchange	554	544	2,984	32	4,114
At 31 December 2022	41,658	5,635	101,286	494	149,073
Accumulated Depreciation:					
At 1 January 2022	18,578	2,711	61,635	343	83,267
Charge for the year	900	309	4,135	30	5,374
Disposals	(50)	-	(140)	(149)	(339)
Difference on exchange	508	308	1,776	36	2,628
At 31 December 2022	19,936	3,328	67,406	260	90,930
Net book value					
At 31 December 2022	21,722	2,307	33,880	234	58,143
At 31 December 2021	21,333	2,122	25,195	79	48,729

Assets in the course of construction and on which depreciation has yet to commence are included in the cost of Plant & Equipment to the value of £12,201,000 (2021: £4,466,000). Freehold land of £5,347,000 (2021: £6,437,000) is not depreciated.

14. SUBSIDIARY UNDERTAKINGS

The Commonwealth is the registered holder of the whole of the share capital of Scott Bader Company Ltd 100,000 shares of 50p each. Of these the Commonwealth holds 10,000 shares on behalf of the Guardian Trustees who have additional responsibilities to their role as Charity Trustees as set out in the Trustees' Report.

These 10,000 shares are referred to in the Articles of The Scott Bader Commonwealth Limited as Guardian Trustee Shares. Special voting rights in relation to these shares are exercised under Articles 27 and 68 of the Articles of Association of The Scott Bader Commonwealth Limited. These relate to any resolution to alter the Articles of Association of either The Scott Bader Commonwealth Limited or Scott Bader Company Ltd or to dispose of or direct the disposal of any shares in Scott Bader Company Limited.

The shares were given to the Commonwealth in 1951 and 1963 by Ernest Bader and his family in order to place Scott Bader Company Limited in common ownership where it would be directed and managed not only for the benefit of those working in the Company but also for the wider community and for future generations.

Since, under Article 14 of the Scott Bader Commonwealth Limited articles, The SBCW Board shall have no power to dispose of any Shares in SBCL or any other Subsidiary or to exercise or direct the exercise of the votes or carry out any other responsibilities attached to any such Shares. The SBCW Members and the Guardian Trustees shall exercise such powers and any such other responsibilities in accordance with these Articles.

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14. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Subsidiary undertakings

The group holds 100% of the issued shares of all subsidiaries in the below table and, except where noted, these are held by the Company. None of the subsidiaries are listed on a recognised stock exchange and all have been included in the consolidation.

Company	Country of incorporation and principal country of operation	Company Registration Number	Nature of Business	Registered Office
Scott Bader Company Limited	Great Britain	00189141	Corporate Head office	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader UK Limited	Great Britain	4562724	Manufacturer of resins	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader SAS	France	631 720 497	Manufacturer of resins	65 Rue Sully, 80000 Amiens
Scott Bader Middle East Ltd (Incorporated in Jersey) [1]	United Arab Emirates	States of Jersey: Registration No.: 55367 JAFZA: Registration No.: 173909	Manufacture of resins	One The Esplanade, St Helier, Jersey, JE 3QA, Channel Islands
Scott Bader d.o.o. [2]	Croatia	80008643	Manufacture of resins	Radnička cesta 173 i, 10000 Zagreb
Scott Bader (Pty) Ltd[1]	South Africa	1993 000 466 07	Manufacture of resins	1 Lubex Road, PO Box 1539, Hillcrest 3650, Hammarsdale, Kwazulu Natal, South Africa
Scott Bader ATC Inc.	Canada	1168859909	Manufacturer of adhesives	2400, Canadien Street #303, Drummondville (Qc), J2C 7W3, Canada
Scott Bader Scandinavia AB[1]	Sweden	556399-5322	Distributor of resins	BOX 202, 31123 Falkenberg
Scott Bader Eastern Europe[1]	Czech Republic	250 45 580	Distributor of resins	Evropska 2588/33a, Dejvice, 160 00 Praha 6
Scott Bader Iberica SL[1]	Spain	ESB 62948450. Tomo 34949/Folio 0202	Distributor of resins	Avda. Corts Catalanes, 8, 08173 Sant Cugat del Valles-Barcelona
Scott Bader Inc [3]	USA	2310546	Distributor of resins	Registered Agent Solutions, Inc., 9E. Loockerman Street, Suite 311, Dover, DE 19901
Scott Bader (Shanghai) Trading Company Ltd	China	91310000664387 9063	Distributor of resins	Room2402, Hitch Plaza 488 Wuning Road (South) Shanghai China
Scott Bader Japan KK	Japan	3020001128001	Distributor of resins	Nisso Bldg#18, Export Office#708, 3-7-18, Shin-Yokohama, Kohoku-ku, Yokohama, Kaagawa, Japan
Synthetic Resins Limited	Great Britain	00282663	Intermediate holding company	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Boldhelp Limited	Great Britain	03793984	Intermediate holding company	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader Brazil Limited	Great Britain	08549866	Intermediate holding company	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL

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14. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Company	Country of incorporation and principal country of operation	Company Registration Number	Nature of Business	Registered Office
Scott Bader North America Inc[1]	USA	2310544	Intermediate holding company	Registered Agent Solutions, Inc., 9E. Loockerman Street, Suite 311, Dover, DE 19901
Scott Bader Community Fund Trustee Limited	Great Britain	01282834	Corporate trustee	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader Ireland Ltd	Ireland	694646	Distributor of resins	7a Dunboyne Industrial Est, Dunboyne, Co. Meath, Ireland
Scott Bader Australia Pty Ltd[1]	Australia	640312170	Distributor of resins	P.O. Box 1124 Bibra Lake, Western Australia 6965 Australia
Scott Bader Private Limited	India	U24290MH2022 PTC383674	Distributor of resins	307, Floor-3 Plot-267 A to Z Industrial Estate Ganpatrao Kadam Marg Lower Parel Mumbai, Mumbai City, Maharashtra, 400013, India
Scott Bader Manufacturing Private Limited	India	U24100MH2022 PTC388973	Manufacturer of resins	307, Floor-3 Plot-267 A to Z Industrial Estate Ganpatrao Kadam Marg Lower Parel Mumbai, Mumbai City, Maharashtra, 400013, India
Scott Bader AsiaPac Holdco Pte.Ltd.	Singapore	202209091H	Intermediate holding company	600 North Bridge Road 323-01 Parkview Square 188788 Singapore

[1] held by Synthetic Resins Limited, [2] held by Boldhelp Limited, [3] held by Scott Bader North America Inc

The group holds 80% of the issued shares of the subsidiary in the below table, held by the Company. This subsidiary is not listed on a recognised stock exchange.

Company	Country of incorporation and principal country of operation	Company Registration Number	Nature of Business	Registered Office
Polymer Mimetics Limited	Great Britain	12598928	Research	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL

The Group's dormant companies have not been listed in the above table.

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14. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Joint Ventures

Company	Country of incorporation and principal country of operation	Registered Office
Novascott Especialidades Quimicas Ttda (JV) [1]	Brazil	Rodovia Gobernador Mario Covas, no 600, sala 48, Lote Tabajara, Serra do Anil, CEP 29.147-030, City of Cariacisa/ES, Brazil
Satyen Scott Bader LLP (JV) previously Satyen Scott Bader Private Limited	India	307, A-Z Industrial Premises G K Marg, Lower Parel Mumbai Mumbai City MH 400013 IN

[1] shares held by Scott Bader Brazil Limited

All joint ventures manufacture and distribute compounded polyester resins and are 50% owned by the group, except where noted above these shares are held directly by the Company.

Subsidiary results

A summary of the results of the subsidiaries is shown below:

	2022	2021
	£'000	£'000
Turnover	**303,976**	270,039
Other operating income	**597**	286
Direct and indirect overheads	**(302,476)**	(262,006)
Group operating profit	**2,097**	8,319
Share of operating profit in joint ventures	**197**	280
Total operating profit: group and share of joint ventures	**2,294**	8,599
Interest receivable and similar income	**356**	187
Interest payable and similar charges	**(328)**	(95)
Profit before taxation on ordinary activities	**2,322**	8,691
Taxation on profit on ordinary activities	**(237)**	(1,174)
Profit for the financial year	**2,085**	7,517

A summary of the 2022 results of the key subsidiaries is shown below:	**SB UK**	**SB SAS**	**SB ME**
	£'000	**£'000**	**£'000**
Total Assets	**55,872**	**25,040**	**33,575**
Total Liabilities	**(18,536)**	**(10,197)**	**(13,356)**
Gross Turnover	**89,832**	**65,995**	**78,010**
Raw material and consumables	**(59,252)**	**(51,162)**	**(55,010)**
Profit for the financial year	**1,048**	**585**	**1,130**

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15. INVESTMENTS

	Group Joint Ventures		Group and Charity Investment Property	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Balance at 1 January	**591**	615	**495**	525
Share of profits retained	**197**	280		
Dividend received	**(368)**	(96)		
Difference on foreign exchange	**(6)**	(208)		
Loss on investments	**-**	-	**-**	(30)
Balance at 31 December	**414**	591	**495**	495

Investment property historical cost:	**2022**	2021
The investment property is owned by the charity:	**£'000**	£'000
Cost at 1 January and at 31 December	**8**	8

The investment property was valued by an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued, Harwoods Chartered Surveyors & Estate Agents, in November 2021, on the basis of open market value. The valuation was arrived at by reference to the estimated amount for which the asset would be expected to exchange between two independent parties on an arms-length basis using available market evidence and local market knowledge.

16. GROUP STOCKS

	2022	2021
	£'000	£'000
Raw materials and consumables	**18,267**	11,634
Finished goods and goods for resale	**20,012**	21,264
	38,279	32,898

There is no material difference between the balance sheet value of stock and its replacement cost.

17. DEBTORS

	Group		Charity	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Trade debtors	**42,572**	44,597	**-**	-
Amounts owed by group undertakings	**-**	-	**1,089**	1,352
Corporation tax recoverable	**3,096**	72	**-**	-
Deferred tax asset	**712**	-	**-**	-
Other taxation recoverable	**535**	1,794	**-**	-
Other debtors	**1,342**	1,311	**-**	-
Prepayments and accrued income	**3,141**	1,724	**-**	-
	51,398	49,498	**1,089**	1,352

Trade debtors are stated after provisions for impairment of £483,000 (2021: £289,000). Recorded within other debtors is derivative financial instrument with the value of £32,000 (2021: £(58,000)). Movement in the year was gain of £90,000 (2021: £44,000). Note 24 provides additional detail.

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18. DEBTORS GREATER THAN ONE YEAR

	Group		Charity	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Deferred tax asset	**2,499**	-	**-**	-
	2,499	-	**-**	-

Note 22 provides additional detail.

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2022	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts	**19,633**	6,872	-	-
Trade creditors	**37,081**	40,909	-	-
Amounts owed to group undertakings	**-**	-	52	48
Bills of exchange payable	**51**	337	-	-
Corporation tax	**269**	1,274	-	-
Other taxation and social security	**2,770**	1,742	-	-
Other creditors	**1,674**	1,033	-	-
Accruals and deferred income	**3,651**	7,766	-	-
	65,129	59,933	52	48

Amounts owed by the Group through an overdraft facility amounted to £11,368,000 as at 31 December 2022 (2021: £6,409,000). The facility is denominated in various currencies with the net overdraft balance on any individual currency incurring a charge of 1.25%. The bank has a charge over the assets of the companies in relation to the overdraft.

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2022	2021
	£'000	£'000
Loans		
Within one to two years	**471**	408
Within two to five years	**901**	875
In five years or more	**-**	25
	1,372	1,308
Derivative financial instruments		
Within two to five years	**-**	58
	1,372	1,366

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21. LOANS AND OTHER BORROWINGS

Loans repayable, included within creditors, are analysed as follows:

	Group	
	2022	2021
	£'000	£'000
Due within one year or on demand		
Bank Loans and overdrafts	**19,633**	6,872
Due after more than one year		
Bank Loans and overdrafts	**1,372**	1,308
Total borrowings	**21,005**	8,180
Maturity of financial liabilities:		
In one year or less, or on demand	**19,633**	6,872
In more than one year, but not more than two years	**471**	408
In more than two years, but not more than five years	**901**	875
In more than five years	**-**	25
	21,005	8,180

	Group	
	2022	2021
Details of loans not wholly repayable within five years are as follows:	**£000**	£000
Loans with interest payable over 60 months	**-**	25
	-	25

£9,449k (2021: £1,452k) of Group borrowings are secured by fixed and floating charges over the Group's assets.

Other Group bank loans

Scott Bader Company Limited had drawn $10,000,000 (£8,265,000) (2021: $0) under a revolving credit facility (RCF). The RCF had an interest rate of 5.93% and is secured under a fixed and floating charge across a number of UK entities. The revolving credit facility (RCF) provides the Scott Bader Company with the ability to borrow funds as needed. The availability of the RCF has been extended to March 2028 following a renegotiation of the facility in Q1 2023.

Other bank loans include loans from three French banks which are denominated in Euros and are all repayable by quarterly instalments with the final payments being due in July 2026. The initial total value of loans taken out in 2014 was €4,000,000 and as at 31 December 2022 the outstanding amount was €1,339,000 (£1,185,000) (2021: €1,695,000 (£1,242,000)). They are all secured by a charge over the Group's trading subsidiary in France. These loans have variable rates and during 2022 they ranged from 1.16% to 2.94%. They are included within the above bank loans across maturity buckets.

An additional loan with a French bank was taken out in 2018 and the balance as at 31 December 2022 is €125,000 (2021: €284,000). This loan is payable in monthly instalments with the final payment due in August 2023. The loan is unsecured, and the interest rate is fixed at 0.73%.

The charity has provided a loan of £552,000 to the Group. The loan is unsecured, carries a variable interest rate of 1.25% above SONIA per annum and is payable in 5 instalments with the final payment due in August 2023. The terms of the loan is documented in accordance with the advice of the Commonwealth's solicitors

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22. GROUP PROVISIONS FOR LIABILITIES

Group	Environmental	Leaving Provisions	Retirement Benefits	Deferred Tax	**Total**
	£'000	£'000	£'000	£'000	**£'000**
At 1 January 2022	1,110	2,193	2,140	93	**5,536**
Foreign exchange impact	3	-	30	(22)	**11**
Amounts charged to the profit and loss account	330	160	(369)	1,168	**1,289**
Amounts used during the year	-	-	(66)	53	**(13)**
Amounts charged to OCI	-	-	-	(2,513)	**(2,513)**
At 31 December 2022	1,443	2,353	1,735	(1,221)	**4,310**

The provision for deferred taxation is disclosed as debtors falling due within one year £712k (2021: £nil) (Note 17) and debtors falling due in 2 to 5 years £2,499 (2021: £nil) (Note 18) totalling £3,211,000 (2021: £ Nil) and a Provision for liabilities and charges of £1,990,000 (2021: £93,000) making the total provision £7,521,000 (2021: £5,536,000).

Environmental:
The environmental provision was originally established in Scott Bader Company Limited as a future payment for the required restitution of land when the relevant subsidiary companies vacate the premises currently occupied. The provision is expected to be utilised over 10 years although there is no intention to leave any of the affected sites. The provision was estimated using the reports as provided by an independent third-party specialist.

Leaving provisions:
The leaving provision is established in Scott Bader Middle East as a payment based on local requirements when employees leave the business. The provision is expected to be utilised as current employees leave the business between 2020 and 2049.

Retirement benefits:
a) £1,145,000 (2021: £1,442,000) relates to 'quasi pension' commitments given to former employees.
The provision is expected to be utilised over the expected lives of the former employees and their spouses between 2021 and 2037.
b) £590,000 (2021: £697,000) relates to French statutory retirement benefits payable to France based employees of the Group. The provision is expected to be utilised between 2021 and 2033.

Deferred taxation:

The deferred tax liability consists of the following liabilities / (assets):

	2022	2021
	£'000	£'000
Excess of capital allowances over depreciation	**1,606**	(412)
Short term timing differences	**(698)**	(949)
Post-employment benefits	**1,877**	4,199
Losses	**(4,006)**	(2,745)
	(1,221)	93

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23. GROUP POST EMPLOYMENT BENEFITS

(a) Defined benefit scheme

For UK employees Scott Bader UK operates a defined benefit scheme with assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members' final salary. The plan is administered by an independent trustee, who is responsible for ensuring that the plan is sufficiently funded to meet current and future obligations.

The date of the most recent actuarial valuation as at 31 December 2019 revealed a funding shortfall of £4,101,000 (31 December 2016: shortfall of £13,560,000). If the Scheme is in deficit on a Technical Provisions basis calculated by the Scheme Actuary in accordance with the Scheme's Statement of Funding Principles, further contributions are expected into the Scheme through 2023 to a level of £460,000 p.a. (£38,333.33 per month).

Contributions:

- Potential £460,000 pa in respect of 1 January 2023 to 31 December 2028

Contributions to the escrow account are currently suspended following the improvement in the Scheme's funding level at the 2019 actuarial valuation. This can be recommenced if the position deteriorates. For any remaining funds as at December 2028, the funds may either be returned to the company or paid to the pension fund depending on investment performance and the funding position in 2028.

The 31 December 2019 actuarial valuation figures have been updated to the balance sheet in order to assess the additional disclosures required under section 28 of FRS102 as at 31 December 2022. This update was done by an independent qualified actuary, using the following major assumptions:

	2022	2021
Rates of increase in salaries	**n/a**	n/a
Rate of increase in 5% LPI pensions in payment	**3.20%**	3.40%
Rate of increase in 5% LPI pensions with 3.5% underpin in payment	**3.80%**	3.90%
Rate of increase in pensions in deferment	**2.20%**	2.50%
Discount rate	**4.90%**	1.80%
Inflation assumption	**3.20%**	3.50%

Assumed life expectancies on retirement at age 60:		**2022 Years**	2021 Years
Retiring today	Males	**26.4**	26.3
	Females	**29.1**	29.0
Retiring in 10 years	Males	**27.0**	26.9
	Females	**29.8**	29.7

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23. GROUP POST EMPLOYMENT BENEFITS (CONTINUED)

Reconciliation of scheme assets and liabilities:	**Assets £'000**	**Liabilities £'000**	**Total £'000**
At 1 January 2022	150,268	(133,472)	16,796
Remeasurement gains / (losses)			
- Experience gains on liabilities	-	(3,780)	(3,780)
- Changes to demographic assumptions	-	(91)	(91)
- Actuarial gain	-	45,241	45,241
- Return on plan assets excluding interest income	(51,424)	-	(51,424)
Net remeasurement gains	(51,424)	41,370	(10,054)
Benefits paid	(5,565)	5,565	-
Employer contributions	460	-	460
Interest income/(expense)	2,659	(2,353)	306
At 31 December 2022	**96,398**	**(88,890)**	**7,508**

The fair values of the plan assets were:	**2022 £'000**	2021 £'000
Equities	**5,136**	9,857
Gilts and LDI funds	**61,489**	110,600
Corporate Bonds	**24,377**	25,124
Cash & net current assets	**5,396**	4,687
	96,398	150,268

(b) Defined contribution schemes

Following the closure of the defined benefit scheme in the UK to new entrants, all employees, in countries where the state pension provision is not considered sufficient, have the opportunity to benefit from a defined contribution scheme provide by their local employer.

	Group	
The amount recognised as an expense for these defined contribution schemes was:	**2022 £000**	2021 £000
Current period contributions	**1,913**	1,992

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24. FINANCIAL INSTRUMENTS

	Notes	Group 2022 £000	2021 £000
Financial assets / (liabilities) measured at fair value through profit or loss:			
Derivative financial instruments	17 & 19	**32**	(58)

Group:
Derivative financial instruments – Interest rate swaps
The Group has entered into two interest rate swaps to receive interest at EURIBOR and pay interest at a fixed 1.46/1.49%. The two swaps are based on a principal amount of 3,500,000 EUR, equal to loans held with two French banks, and they mature in 2026/2027 on the same date as the bank loans to which they relate.

The instruments are used to hedge the Group's exposure to interest rate movements on the two bank loans. The fair value of the interest rate swaps is £32k (2021: £(58k)).

Cash flows on both the loan and the interest rate swaps are paid quarterly until 2026/2027. During the financial year a hedging gain of £90k (2021: £44k) was recognised in other comprehensive income for changes in the fair value of the interest rate swap.

25. ANALYSIS OF MOVEMENT IN FUNDS

GROUP	Fair Value Reserve (Designated Fund) £000	Unrestricted income funds £000	Non – Controlling interest £000	Total £000
At 1 January 2021	532	106,722	-	107,254
Net movement in funds	-	7,610	31	7,641
Loss on Investments	(30)	-	-	(30)
Revaluation transfer	(15)	15	-	-
At 1 January 2022	**487**	**114,347**	**31**	**114,865**
Net movement in funds	-	(793)	21	(772)
At 31 December 2022	**487**	**113,554**	**52**	**114,093**

Fair Value Reserve (Designated Fund)
Land and buildings and plant and equipment were re-valued at 29 December 1989. The Fair Value Reserve is a designated fund meaning that the fund cannot be distributed unless the properties are sold or the Directors are first assured that the properties maintain at least their previous market value.

CHARITY	Fair Value Reserve £000	Unrestricted income funds £000	Non – Controlling interest £000	Total £000
At 1 January 2021	517	1,366	-	1,883
Net movement in funds	-	181	-	181
Loss on Investments	(30)	-	-	(30)
At 1 January 2022	487	1,547	-	2,034
Net movement in funds	-	(97)	-	(97)
At 31 December 2022	**487**	**1,450**	**-**	**1,937**

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25. ANALYSIS OF MOVEMENT IN FUNDS (CONTINUED)

GROUP For the year ended 31 December 2021	Fair Value Reserve £000	Unrestricted income funds £000	Non – Controlling interest £000	Total £000
Intangible fixed assets	-	272	-	272
Tangible fixed assets	-	48,729	-	48,729
Investments	487	599	-	1,086
Net current assets	-	54,853	31	54,884
Long term liabilities	-	(1,366)	-	(1,366)
Provisions	-	(5,536)	-	(5,536)
Pension asset	-	16,796	-	16,796
	487	**114,347**	**31**	**114,865**

CHARITY For the year ended 31 December 2021	Fair Value Reserve £000	Unrestricted income funds £000	Non – Controlling interest £000	Total £000
Intangible fixed assets	-	-	-	-
Tangible fixed assets	-	-	-	-
Investments	487	8	-	495
Net current assets	-	1,539	-	1,539
Long term liabilities	-	-	-	-
Provisions	-	-	-	-
Pension asset	-	-	-	-
	487	**1,547**	**-**	**2,034**

GROUP For the year ended 31 December 2022	Fair Value Reserve £000	Unrestricted income funds £000	Non – Controlling interest £000	Total £000
Intangible fixed assets	-	7,768	-	7,768
Tangible fixed assets	-	58,143	-	58,143
Investments	487	422	-	909
Net current assets	-	48,606	52	48,658
Long term liabilities	-	(1,372)	-	(1,372)
Provisions	-	(7,521)	-	(7,521)
Pension asset	-	7,508	-	7,508
	487	**113,554**	**52**	**114,093**

CHARITY For the year ended 31 December 2022	Fair Value Reserve £000	Unrestricted income funds £000	Non – Controlling interest £000	Total £000
Intangible fixed assets	-	-	-	-
Tangible fixed assets	-	-	-	-
Investments	487	8	-	495
Net current assets	-	1,442	-	1,442
Long term liabilities	-	-	-	-
Provisions	-	-	-	-
Pension asset	-	-	-	-
	487	**1,450**	**-**	**1,937**

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26. NOTES TO THE CASHFLOW STATEMENT

a) Reconciliation of net incoming resources to net cash provided by operating activities

	2022 £'000	2021 £'000
Net Income for the financial year	**1,987**	7,698
Interest payable	**328**	(187)
Interest receivable	**(356)**	95
Rental Income received	**(36)**	-
Taxation	**237**	1,174
Share of operating profit in joint ventures	**(197)**	(280)
Loss on disposal of fixed assets	**(33)**	(45)
Depreciation and amortisation	**5,962**	5,262
Exchange difference	**1,355**	211
Contributions to UK defined benefit pension scheme	**(460)**	(230)
(Increase) in stocks	**(5,381)**	(13,055)
Decrease / (increase) in debtors	**1,836**	(9,367)
(Decrease) / increase in creditors	**(6,554)**	9,188
Increase / (decrease) in provisions	**88**	393
Net cash (used in) / from operating activities	**(1,224)**	857

b) Analysis of changes in net debt

Group	**At 1 January 2022**	**Cash flows**	**Exchange rate movement**	**At 31 December 2022**
Cash and Equivalents:				
Cash	32,421	(10,810)	-	**21,611**
Overdraft	(6,409)	(4,959)	-	**(11,368)**
	26,012	(15,769)	-	**10,243**
Borrowings:				
Borrowings - repayable within one year	(463)	(7,802)	-	**(8,265)**
Borrowings - repayable after one year	(1,308)	-	(64)	**(1,372)**
	(1,771)	(7,802)	(64)	**(9,637)**
Net Cash	24,241	(23,571)	(64)	**606**

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27. GROUP CONTINGENT LIABILITIES

Group:
Pension Scheme Funding: Scott Bader Company Limited entered into a guarantee in March 2007 with Scott Bader Pension Scheme Trustees Limited whereby the Company guaranteed that the Scott Bader UK Limited pension scheme would be 105% funded on an S179 valuation should the principal employer, Scott Bader UK Limited, fail to fulfil its agreed obligations to the Pension Trustees.

28. GROUP CAPITAL AND OTHER COMMITMENTS

a) Contracts for future capital expenditure not provided in the financial statements – Property, plant and equipment	**Group 2022 £'000**	Group 2021 £'000
No expenditure has been incurred although contracts have been placed	**522**	1,601

b) future minimum lease payments under non-cancellable operating leases for each of the following periods:	**Group 2022 £'000**	Group 2021 £'000
Not later than one year	**1,711**	1,240
Later than one year and not later than five years	**2,779**	2,440
Later than five years	**1,757**	1,381
	6,247	5,061

The Commonwealth has no operating lease commitments at 31 December 2022 (2021: Nil).

29. RELATED PARTIES

Group
The Company has granted manufacturing licences to Satyen Scott Bader, one of the Group's joint ventures during the year. Revenue of £197k (2021: £281k) was recognised.

The Company received dividends from Novascott Especialidades Quimicas Ttda of £368k (2021: £96k), one of the Group's joint ventures, during the year.

For both Group's joint ventures at the year-end £Nil (2021: £Nil) was outstanding.

The Group has provided a capital contribution to Polymer Mimetics Limited of £1,343,000 (2021: £431,000).

Charity
The Commonwealth received a donation from SBCL in the amount of £305,000 (2021: £552,000). In addition, the Commonwealth reimbursed SBCL, at cost, for management services provided in the year of £46k (2021: £45k). The net year-end balance of money owed by SBCL to The Commonwealth was £1,037k (2021: £1,304k).

30. LEGAL STATUS OF THE SCOTT BADER COMMONWEALTH LTD

The Scott Bader Commonwealth Ltd is a company limited by guarantee without shares and a registered Charity. The liability of each member in the event of winding up is limited to 5p.

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31. ACQUISITION OF SCOTT BADER INDIA

On 1 July 2022, the Group acquired control of Scott Bader Private Limited through the purchase of 100% of the share capital for total consideration of INR 11,00,000 (£12,000) via its newly incorporated Singapore entity Scott Bader AsiaPac Holdco Pte. Ltd. In parallel, but via separate agreement, the Group, via Scott Bader Private Limited, acquired the trade and assets of Satyen Polymers Private Limited and Satyen Scott Bader LLP (held as a joint venture by the Group). This was for a total consideration of INR 69,78,85,000 (£7,327,000). Both acquisitions have been accounted for using the 'purchase method' as described under FRS 102 19.7.

Scott Bader Private Limited is incorporated in India and their principal activities, following the acquisition of trade and assets of Satyen Polymers Private Limited and Satyen Scott Bader LLP, is the manufacture and sale of chemical products.

As a result of the acquisition, the Group expects to increase its sales to customers in India. The goodwill of INR 2,10,85,000 (£221,000) arising from the acquisition is attributable to the expertise of the workforce and economies of scale expected from combining the operations into the Group. Management have estimated the useful life of the goodwill to be 10 years in line with the Directors' view of the period of benefit.

The exchange rate used on the date of acquisition was £1/INR 95.2519. The following table summarises the consideration paid by the Group, the fair value of assets acquired and liabilities assumed at the acquisition date.

	Fair value INR'000	**Fair value £'000**
Intangible assets	556,600	5,843
Tangible assets	2,600	27
Stocks	64,900	681
Debtors	175,200	1,842
Total assets	**799,300**	**8,393**
Creditors	(121,400)	(1,275)
Total liabilities	**(121,400)**	**(1,275)**
Net assets acquired	**677,900**	**7,118**
Goodwill	21,085	221
Total consideration	**698,985**	**7,339**
Satisfied by:		
Cash	640,800	6,728
Deferred consideration	38,078	400
Contingent consideration	1,000	10
Directly attributable costs	19,107	201
Total consideration	**698,985**	**7,339**

No adjustments arose on acquisition other that those detailed below relating to the deferred consideration.

The deferred consideration has been recognised after discounting the amount for the time value of money. INR 4,00,00,000 (£420,000) was paid on 23 December 2022 and amounts of INR 19,22,000 (£20,000) recognised in finance costs relating to the unwinding of the discount.

From the date of the acquisition to 31 December 2022 Scott Bader Private Limited contributed £810,000 and £(161,000) to the Group's revenues and profit before tax respectively.

THE SCOTT BADER COMMONWEALTH LIMITED

England & Wales - Charity number 206391

Accounts

THE SCOTT BADER COMMONWEALTH LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2021

Company Registration No. 496082
Charity Registration No. 206391

THE SCOTT BADER COMMONWEALTH LIMITED

COMPANY INFORMATION

For the year ended 31 December 2021

Company registration number:	496082
Charity registered number:	206391
Registered office:	Wollaston Hall Wollaston Wellingborough Northamptonshire NN29 7RL
Charity Trustees:	Robert Gibson Andrew Bell Agne Bengtsson David Black Jessica Clark David Harris Hansi Manning Paul Smith Richard Tapp
Secretary:	Hayley Sutherland
Solicitors	Shoosmiths The Lakes Northampton NN4 7SH
Bankers	Unity Trust Bank Plc 4 The Square 111 Broad Street Birmingham B15 1AR CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ Scottish Widows PO Box 883 Leeds LS1 9TY
Auditor	RSM UK Audit LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes Buckinghamshire MK9 1BP

THE SCOTT BADER COMMONWEALTH LIMITED

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DIRECTORS AND TRUSTEES

The Directors present their Annual Report and the Accounts of The Scott Bader Commonwealth Limited (the **Charity**), for the year ended 31 December 2021.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (January 2022).

The Board of Directors of the Charity is known as The Commonwealth Board (**CWB**). The Directors of the Charity are its charity Trustees for the purposes of charity law and throughout this report are collectively referred to as the '**Trustees**'.

The Trustees who served in the year, and subsequent appointments, were:

	Date of Appointment	**Date of Resignation**
Robert Gibson (Chair)		
Andrew Bell		
Agne Bengtsson		
David Black		
Jessica Clark		
Heather Davison		10.05.2021
David Harris		
Hansi Manning		
Paul Smith		
Richard Tapp	01.04.2022	

STRUCTURE; GOVERNANCE and MANAGEMENT

Background

The Charity is a company limited by guarantee and a registered Charity which owns the entire issued share capital of Scott Bader Company Limited (**SBCL**). SBCL was founded by Ernest Bader in the 1920s as a chemicals merchant. In 1951 he and other shareholders gave over their ownership of SBCL to the Charity, thereby setting up what is known to everyone who works at SBCL as 'The Commonwealth'.

The holding of the shares of SBCL is now known as a 'programme related investment' and The Commonwealth's ownership structure was specifically referred to in the Charity Commission's Legal Underpinning document relating to charities and investment matters, which reflects law and practice in December 2010.

The governance documents that were approved at an EGM on 26 April 2010 were reviewed, as had been agreed, after 3 years. This resulted in some minor changes being proposed to improve the effectiveness of the governance processes and the Charity is now governed by its revised Articles of Association approved at the AGM on 20 May 2014. At the same meeting the Articles of Association of SBCL and other associated documents that make up the Constitution of the Commonwealth (the **Constitution**) were also approved.

The Charity is a membership organisation, and everyone employed by SBCL or any of its subsidiaries may become a member of the Charity (**a Commonwealth Member**). SBCL has manufacturing sites in 6 countries, the UK, France, South Africa, Dubai, Croatia, and Canada and small distribution and/or sales presence in the Czech Republic, Sweden, Spain, USA, Eire, China, Germany, India, Brazil and Japan.

As there are no outside shareholders, Commonwealth Members "hold the wealth in common". The intention of the founder was to create a company whose well-being is entrusted to those who work in it, with democratic involvement. There are over 730 people employed worldwide, of which 581 are Commonwealth Members as of 31 December 2021.

In reading the accounts it is important to understand the relationship between the Charity, and SBCL and its subsidiaries (the Scott Bader Group). It is the responsibility of everyone that works for SBCL to ensure that it continues to exist in the long term for current and future generations. Profitability is important to ensure that SBCL can continue to operate, but adherence to the Guiding Principles and how that profit is achieved is paramount. There is provision in the Constitution to ensure that the Company is not just run for the benefit of the people that work for it, so a minimum amount must also be provided to the Charity.

The objects of the Charity are:

1) The promotion of ethical and religious principles in industry with a view to ensuring the discharge by persons engaged in industry of their social obligations for the welfare of the communities within which they operate.
2) The promotion of sustainable development for the benefit of the public by the preservation, conservation and the protection of the environment by the prudent use of natural resources and the promotion of sustainable means of achieving economic growth and regeneration.

One of the ways 1) above is achieved is by the democratic governance structure of Scott Bader. Commonwealth Members can stand for election for the following:

- **The Commonwealth Board** (CWB) – the Board of the Charity has 3 internally elected Trustees.
- **The Group Board** – the Board of Directors of SBCL has 3 internally elected Community Directors, who are elected from three constituencies - the UK and Eire, Continental Europe and the Rest of the World. Commonwealth Members in each constituency vote to elect the Community Director for their constituency.
- **The Members' Assembly (MA)** – the international democratic forum that represents all Commonwealth Members is comprised of 12 elected representatives and the Chairman of SBCL. It has a set of Rules which clearly set out its responsibilities, examples of which are (i) to hold the Group Board to account for the exercise of its responsibilities and for the health and success of Scott Bader Group businesses (ii) the Membership Function, delegated to it by the CWB and (iii) the development of local democracy.

There are also Local Councils/representative bodies – comprised of elected representatives existing in all of the large manufacturing sites to represent the interests of all staff e.g., relating to working conditions; welfare; reward and benefits.

This structure of self-governance provides significant additional dimensions to business and employment relationships and interaction with the wider community. It means that:

- Business relationships are more sustainable because Scott Bader is totally independent.
- There is an obligation to the wider community via the charitable giving.
- Staff have opportunities and a greater role to play than just performing their day-to-day role.

The Commonwealth Board (CWB)

As already stated, all members of the Charity's Board of Directors are Charity Trustees, and have to ensure that the Charity is run in accordance with Charity law. The CWB is not involved in the day-to-day running of the business of SBCL, but has responsibility for overseeing that the company is:

- Governed effectively and in accordance with the Guiding Principles
- Ensuring that Members are actively involved in the success of the business and that the Scott Bader Community is strong and healthy
- Supporting the Commonwealth in fulfilling its charitable objectives.

The CWB is consulted on topics such as future business strategies, acquisitions, and the distribution of profits. The CWB also monitors the development of industrial democracy within SBCL.

There are 9 members of the CWB

- 5 externally appointed Guardian Trustees – who are approved by the Members' Assembly for a period of 3 years and are eligible for re-appointment. Guardian Trustees have the power to veto changes to the Constitution and any measure taken or proposed by the Group Board, the Members' Assembly or the Commonwealth Members in General Meeting that contravenes the Commonwealth Principles or Charity law.
- 3 internally elected members who serve for 3 years with the option to stand for re-election once
- 1 Company member - the Chairman of SBCL who remains in the position for the term of his/her appointment

Appointment of Trustees

The democracy within Scott Bader is further demonstrated by the way the appointment of Trustees is made. In particular, the Guardian Trustees are selected by a nomination committee, comprised of people from the three governing bodies who then make a recommendation about the people to be considered; a joint resolution from the CWB and Group Board is put to the Members' Assembly which must approve all the Guardian Trustee appointments.

The appointments of the Guardian Trustees are staggered to provide continuity within the CWB.

Trustee Induction and Training

Prior to appointment all potential Trustees are informed of the role and responsibility of becoming a Trustee and provided with a copy of the Constitution. Upon appointment all Trustees are confirmed as Commonwealth Members and provided with a handbook which includes information relating to governance; Charity trustee responsibilities; Charity policies and financial reports.

Induction is tailored to the needs of the individual to give them a more detailed understanding of how the Charity operates; the businesses and strategy of SBCL and how the governance works. Periodically formal training on the responsibilities of being a Trustee will be provided. This was provided by the Employee Ownership Association in January 2022.

The Charity is a member of the Association of Charitable Foundations (ACF) and National Council for Voluntary Organisations (NCVO). Both organisations provide much helpful information on good practice.

Trustee Remuneration

Although some of Trustees are employed by SBCL or one of its subsidiaries none of the Trustees receive any remuneration for their work for the Charity.

Organisation

The department supporting the CWB is known as the Commonwealth Office.

Commonwealth Co-ordinators are appointed at each of the larger subsidiaries to assist with Charity activities, membership and local democracy issues at each location and they perform these duties in addition to their role within the company.

The day-to-day activities of the Charity are delegated by the CWB to the Commonwealth Office, but there is a Charity Committee to whom the CWB has delegated the authority for deciding which Charity applications to support and the payment of donations. The Charity Committee reports at each meeting on the decisions it has made.

Activities for the Public Benefit

To ensure ongoing awareness of the Charity Commission's guidance on public benefit all Trustees are provided with information about this in their handbook. In addition, information on this topic is posted on the Charity Commission's website and is reviewed from time to time by the Commonwealth Office for further guidance on this matter.

Having regard to this guidance the Trustees consider Public Benefit at two levels 1) in relation to the shareholding in SBCL and 2) the activities of the Charity.

1) The shareholding in SBCL

The CWB receives comprehensive information about the performance and management of SBCL at each meeting to enable it to monitor and review the effectiveness of holding the shares as a social investment.

The Trustees are still of the opinion that the self-governing representative structure of Scott Bader is of public benefit because wherever it operates colleagues know that the company must:

a. Contribute to the stability and economic growth locally, nationally and internationally.
b. Take steps to minimise the effects of the business on the environment.
c. Support its local communities via charitable giving and volunteering.
d. Be an exemplar of an alternative way to run a business.

2) Activities of the Charity

The income of the Charity is used to make grants to charitable organisations around the world, whose purposes are in line with the Charity's objects.

The Charity's income is described as a Global Charity Fund because:

a. the income is achieved through the work of the individuals employed by the Scott Bader Group around the world; and
b. it is used to support charitable work in various locations globally

There are various ways that charities become aware that they can apply to the Charity for funding. This is by networking; word of mouth from previous recipients of funding and by the information posted on the Scott Bader Group's website.

To help with management of the applications received, the Charity's general policy (due to limited funds) is that it cannot solely support animal charities; individual sponsorships; travel or adventure schemes; arts projects; any form of advertising; medical research and equipment; construction/renovation/maintenance of buildings in the UK and general charitable appeals.

To help prospective applicants we summarise that we help young or disadvantaged people, especially anyone suffering deprivation and discrimination, such as poor, homeless, and vulnerable women and children, minority communities, particularly where people are affected by poverty, a lack of education, malnutrition, and disease. The Trustees appreciate that these aims are wide, but as the needs of the communities in the locations where Scott Bader has a presence will be different, these allow the Charity flexibility in its grant making programme, thus reaching a variety of different groups of the public.

Although, as a grant making Charity, we are not required to check that the charities we support meet the public benefit requirement, the Trustees decided it would be prudent to include a section within the online application form requesting applicants to provide a short summary of how they achieve it.

To achieve the aims in 2021 the Global Charity Fund was divided as follows:

Global Funds

Funds are made available to all the companies in the Scott Bader Group (proportionate to the number of people employed at each location) via small Charity committees (if they choose) they then submit applications via the grant management tool OPTIMY, which was introduced to simplify and streamline the grant making process. Usually this will be used to support the work of charities situated near to or associated with each company, i.e., in Northamptonshire in the UK, Co. Meath in Eire, Amiens in France, Falkenberg in Sweden, Barcelona in Spain, Liberec in the Czech Republic, Zagreb in Croatia, Dubai, Durban in South Africa, Ohio in the USA; Drummondville in Canada, Shanghai in China; Tokyo in Japan and Western Australia in Australia.

Commonwealth Community Hardship Fund

This fund was introduced in 2020 in support of the COVID-19 pandemic and continued throughout 2021. In 2022 this continues with a specific interest of funding PPE requirements and vaccination roll-outs. Preferences are given to applications received from charities close to our Scott Bader offices and sites around the world.

The Scott Bader Annual Chemistry Challenge Prize

It had been the intention for SBCW to work with the Royal Society of Chemistry for them to manage and oversee the process for this award. Unfortunately, due to COVID-19 it was not possible to pursue this idea during 2021.

Life President's Fund

A fund is available for distribution to charities chosen by the Life President, Mr Godric Bader, and these are listed under the heading of President's Fund.

Being established for 70 years, the Charity has a good reputation for grant making locally, nationally, and internationally and provided Scott Bader continues in business there is no reason why this should not continue and improve, which in the long term is of benefit to the public.

Briefing and consultation of employees

Industrial democratic practice is a major part of employee engagement, and all those who work within the Group are consulted on decisions that may affect their interests in accordance with Scott Bader's Constitution. It is the policy of Scott Bader that participation in decision-making is implemented at all levels.

Recognising that access to appropriate information is a necessary prerequisite to effective participation and consultation, the Group's monthly financial results and full year forecasts are shared with Commonwealth members and colleagues.

Members of The Scott Bader Commonwealth, membership of which is open to all who work on a permanent basis within the Group and who make a commitment to work according to the values expressed in the Constitution, have the opportunity to elect three of their number to serve for three years as members of the Board of Directors of Scott Bader Company Limited.

Employment of disabled persons

It is the Group's policy to offer equal opportunities to disabled persons applying for vacancies, having regard to their aptitudes and abilities in relation to the posts for which they apply.
As far as possible, arrangements are made to continue the employment of those colleagues who have become disabled persons during their employment within the Group. In all instances, consideration will be given to arranging training facilities, or providing special aids, where necessary. It is the Group's policy to provide disabled persons with the same opportunities for training, career development and promotion that are available to all colleagues, having consideration to their aptitudes and abilities.

Equality

Scott Bader remains committed to offering equal opportunities to all and is committed to working towards securing a BSI accreditation in Diversity and Inclusion. When a vacancy arises, it is the Group's policy to consider all applications, in determining the best fit for the role. This requires an assessment based on aptitude, attitude and ability.

Colleague welfare

The Group will provide favourable pay, benefits and safe and healthy working conditions for all our colleagues to ensure we attract and retain the right people and encourage motivation, commitment and loyalty. The Group will treat people fairly without discrimination, provide support where necessary and ensure there is a balance between work and family life. The Group will provide opportunities for training, development and involvement to enable the fulfilment of the individual and the success of the Group.

Corporate responsibility

It is our Corporate Responsibility to conduct our manufacturing and distribution businesses in accordance with our principles; the Group strives to be a role model for the application of these principles and have taken steps to publish the first Employee, Environment, Social and Governance (EESG) report in 2021 to increase transparency in these critical areas.

Team working, fairness, responsibility and commitment

The Group must ensure it conducts its business in a fair manner; has regard for the environment; promotes sustainable economic growth; shows respect for individuals but pulls together as a team and cares about the wider community in which it operates. By doing this we will be able to demonstrate that giving people responsibility and involving them in decisions creates a sustainable, profitable, social and responsible organisation.

Ethical business

The Group will meet the needs of our customers and suppliers whilst having respect for our colleagues and the community by acting with honesty, integrity and fairness at all times.

Economic growth

The Group will devote considerable development and research resources to developing new products and technologies to achieve sustainable economic growth for the benefit of Scott Bader, its colleagues and the broader community.

STRATEGIC REPORT

Principal Activities

The principal activity of the SBCL Group which sits beneath the Charity continued to be that of the production and distribution of chemicals and related products.

Achievements and Performance

The Trustees are still of the opinion that dividing the charity's income in the way described above continues to enable the charity to support a diverse range of activities with a relatively small amount of money. However, this is dependent on the profitability of the company, but mechanisms exist to ensure that the charity's income will increase in line with increased profitability.

The number of applications received annually is circa 242 and we supported 114 of these. After running costs (which include staff costs, rent and financial provision for the charity property known as Keep House) circa 80% of the income of the Charity is donated as grants to support charitable activities and projects around the world.

Below is a summation of the grants awarded during 2021 from the income received in 2020. A full financial breakdown about the charitable (grants) made by The Scott Bader Commonwealth Ltd is provided in note 9 of the financial statements.

The table below illustrates key objectives of the Commonwealth Board through 2021, majority of objectives show improvement in comparison to last year: 25 more charities have benefited from our donations and total amount of donations has increased for £77k and colleagues have spent 396 hours more volunteering. During 2021, Commonwealth Board continued with the Community Hardship fund to distribute funds supporting a wide range of charities involved with child education, youth wellbeing, mental health services and those effected by the COVID-19 pandemic and more. Full listing of charities supported are listed on pages 35-37.

192 (2020: 167)
Charities benefitted from our donations

£331,000 (2020: £254,000)
Donated to charities

26 (2020: 27)
Countries benefited from our giving

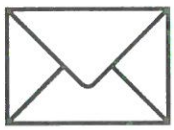
69% (2020: 69%)
Commonwealth Members Voted in the AGM

80% (2020: 93%)
of eligible Colleagues are Commonwealth Members

406 (2020: 10)
Hours spent volunteering by colleagues

Causes Supported

Education	Disability & Disadvantage	Poverty
Health & Covid-19	Social & Environment	Youth Wellbeing



£50 - £10,000
Donated to each cause

Keep House

Keep House is a Grade II listed stone-built farmhouse and is situated at the Wollaston site. The refurbishment of the property was completed in February 2020 and full occupancy of the office space by local Charities was achieved by the end of Q1 2020. By providing this facility the CWB is enabling these charities to continue the excellent work they do in the local community.

During 2021, we officially opened a new sensory garden and museum within Keep House and colleagues from across the company were invited to attend.

The income generated from Keep House is circa £33K per annum will be used for towards the general refurbishment of the building and will enable the CWB to source and progress local project and partnership opportunities

Involvement of Commonwealth Members

- **The Matched Funding Scheme** provided by SBCL reached circa £15.6k with over 25 charities receiving double what they would have received due to SBCL matching the amounts raised £1 for £1. More companies outside of the UK now also get involved in this scheme.

- **Volunteering –** Colleagues globally are actively encouraged to participate in volunteering activities and despite this being hard to achieve whilst going through a global pandemic we are pleased to report that some colleagues were able to complete 406 hours of volunteering.

Adherence to the Guiding Principles contained in the Constitution

Information is shared between the three Group Governance bodies regularly to enable input into business and Charity issues and to help form strategic direction. This, together with attendance at the Members' Assembly meetings enable the Guardian Trustees to monitor, on behalf of the CWB, that the business is managed in accordance with the Guiding Principles as set out in the Constitution, which is a major contributing factor to Scott Bader achieving its charitable objects.

Given that it has been 11 years since the adoption of the 2010 Constitution (although some minor changes were made following the review in 2013/14), it was therefore agreed at the end 2020 that a review of the Constitution should be undertaken to ensure that what we do is fit for purpose as Scott Bader enters its second century. Work progressed on this throughout 2021 and with the feedback gathered from all parts of the group has helped to focus the attention on re-examining our strategic aims and practical ways of delivering what we stand for. We are recommitting to SB fundamentals to ensure that the pillars of Humanity, Ecology and Business are at the centre of everything we do in the company.

In line with our objectives, we have commissioned a project which examines the Companies' approach to EESG reporting, (Employee, Environmental, Social and Governance) to assess how we are evolving in this area.

Section 172 (1) statement

The Scott Bader Constitution sets out the Governance Principles expected of the Commonwealth Board. Although the Commonwealth Board is not involved in the day-to-day running of the business, it does have responsibility for ensuring the company adheres to the Commonwealth Principles. Throughout 2021 the Commonwealth Board continue to engage with the Group Board and a number of subcommittees in order to fulfil the responsibilities for oversight. The Board also monitors the development of industrial democracy within Scott Bader. Although the Constitution pre-dates this section of the Companies Act, the principles meet the requirements of Section 172 Companies Act 2006.

Throughout 2022 the Commonwealth Board will continue to review and reflect on the current methods of engagement with stakeholders, to determine how the Commonwealth can make improvements.

Key decisions in 2021:

- **Diversification of supply chain**

  In order to manage the supply chain disruption seen through 2021, along with the significant and sustained increase in raw material pricing, the Group took the decision to expand beyond its historic supplier list. In addition, the Group also took the decision to REACH register certain key raw materials to provide more flexibility within the supply chain. These actions have supported the mitigation of single supplier risk.

- **Repayment of Covid-19 related Government support**

  Following the decision by the Group Board in early 2021, and as disclosed in the 2020 Financial Statements, local divisions across the Scott Bader Group who accessed support from local government schemes during 2020 made full repayment of these funds where possible. In countries where direct repayment was not possible, the equivalent value of this support was donated to local charities that supported local communities. The full value of the 2020 support of £742,000, was either repaid or donated to charity in full prior to 31 December 2021.

- **Creation of Scott Bader Ireland Ltd**

  Scott Bader Ireland Limited was incorporated in Ireland on 6 May 2021 to clarify and simplify the group structure, and associated filings. The purpose of the transaction was to support the continuing operations in Ireland for commercial purposes.

- **Investment in US operations**

  During 2021 the Group acquired a 110,000 square foot industrial unit on a 15-acre site in Mocksville, North Carolina. Development of a substantial, brand new production facility is underway with the intention to invest to bring the site to operational readiness for early 2023. This facility will increase the operational capacity of the Group and fundamentally improve the Group's ability to deliver its products across the Americas region.

- **Implementation of new Transfer Pricing policy**

  The Group's Transfer Pricing policy was updated during 2021 targeting the midpoint of the arm's length ranges for returns from each division. A change of this nature, while not directly impacting the external sales of each entity within the group, will impact the internal pricing applied and therefore the level of trading profit across each region. This then subsequently impacts on taxable profit, which will better reflect the reality of performance across the Group.

- **Publication of the Group's first EESG report**

  The publication of a first EESG report in 2021 enabled the Group to benchmark itself against industry and corporate best practice, not only as a reference point but also to add external pressure to drive necessary change within the organisation to ensure we live up to the stated objectives of the Commonwealth.

- **Commencement of Constitutional Review**

  A Constitutional Review was initiated that will provide new documentation setting out the precise purpose of each of the governing boards and how they interrelate. This will be produced in more than 4 languages and will improve the governance of the Group and provide further transparency on the interactions and accountability between bodies.

- **Commissioning of an independent examination of Governance, Risk and Compliance**

  In 2020 the Group Board commissioned an independent review of Scott Bader's Governance and Risk framework. The Governance review was completed in 2021 and will support the company in revising its governance operating model to assist the Board in meeting the requirement of the new constitution and to provide the foundation for updated governance framework, policies, practices, procedures, and job responsibilities within the corporate governance infrastructure.

  The Risk Management Framework review was also concluded in 2021 and will support the group in developing a pragmatic, integrated risk management framework. The findings of this exercise will support the achievement of the Board's desired risk maturity level, control framework and associated risk assurance model.

- **Implementation of Oracle**

  The Group undertook a project to upgrade the current HR system in 2021, moving to Oracle. The project sought to standardise the capture of data, improving the efficiency and effectiveness of recording performance reviews and absences and training, amongst other data. Another benefit of this new system was the improvement in quality and security of data available for management decisions.

  The next phase of the Oracle project will be to identify and transition to a leading global payroll solution with improved efficiency and reduced operational risk.

Promotion of the Charity activities via the website

There is a complete section on the website of SBCL dedicated to the activities of the Charity. This not only helps to promote our activities but also enables us to share more widely our different 'Trusteeship' business model. Social media is also used to share our charitable giving and the ways in which Commonwealth Members make a difference via their fund-raising activities.

Participation in external activities to promote the trusteeship way of working

This continued throughout 2021 by the Commonwealth Office and other members of the SBCL attending online events, making presentations and through our involvement with the Employee Ownership Association.

Review of SBCL

Whilst the CWB does not get involved in the day-to-day management of SBCL it receives updates at every Commonwealth Board meeting from the CEO, CFO, and HR Director on the performance of SBCL and an update on the overall business and key issues from the Company Member of the Board.

Having discussed and reviewed the business performance for 2021, the Trustees were pleased to note that:

- Despite a challenging year the operating results for 2021 were strong, with an operating profit of £8.3m being delivered (2020: £12.1m)
- There has been a successful remediation of several major legacy issues
- IT improvements have been made globally with the implementation of the Office 365, and strengthening of our cyber security
- The business expanded its global footprint with the acquisition of a new business opportunity in Mocksville, North America
- That a new HR information system has been implemented to enable the organisation to manage the global HR activities
- The business successfully launched a 3D printing project

There are plans to:

- Upgrade more facilities across the SB Group
- Access new markets
- Develop new technology opportunities
- Introduce a process safety audit
- Optimise whilst at the same time transform the current business
- Invest in technology to improve quality and reliability
- Introduce a new global ERP system
- Continue to seek new business opportunities from new and existing sites e.g., in North America and Asia

These plans will help the continued success of the business and thus provide stability for charitable purposes and for the people that work at Scott Bader.

SBCL Business Performance

Annual income increased by £74m (37%), reflecting volume growth of 9% and selling price uplifts made in response to unprecedented increases in raw material prices that took effect in the first quarter. Despite the raw material price challenge, the Group delivered a strong 2021 financial result with a £6m (8%) increase in Gross Profit.

The Group continued its strategic focus on higher margin per tonne specialist products; and whilst cost management remained a priority, increased operating costs resulted in a £3.8m (31%) decrease in Operating Profit to £8.3m, and a decrease in Profit Before Tax by £3.8m (30%) to £9.3m.

Other operating charges and other external charges increased from 2020 by £5.1m and £5.7m, respectively, reflecting additional costs in relation to commercial activity; logistics and consumables both rose significantly. Additionally, the Group recorded a negative impact of £0.3m in respect of foreign exchange and the repayment of furlough payments of £0.7m.

Sales volumes grew over prior year, as the impact of COVID-19 dissipated. Gross margin value rose for the fourth consecutive year, although return on sales fell from a five year high in 2020 of 6.1% to 3.1% for 2021, reflecting the impact of prices increases as a result of underlying raw material inflation.

The consequence of increased trade working capital, plus significant capital investment, was a reduction in the Return on Net Assets to 9.8% (2020: 18%).

In comparison to the prior year, average monthly trade working capital as a percentage of sales decreased following the growth of rolling sales as a consequence of price increases due to sustained and significant increased raw material pricing.

Staff turnover also fell from prior year to 12.3% (2020: 15.6%) reflecting a continuation of the organisational changes underway to align the business structure with future strategic goals and a focus on talent development and retention.

We are also pleased to report our lowest LTIFR ("Lost Time Incident Frequency Ratio") in the last five-year period, illustrating the increased focus on behavioural safety throughout the organisation. This measure also included Restricted Duties, making the actual measure stricter than in previous years. On a like for like basis, excluding incidents where individuals took on restricted duties, the measure would have been 0.75 (2020: 1.10).

Through 2021, the Commonwealth Board dispersed £408k (2020: £330k) to many charities across various countries in line with the charitable objectives.

SBCL Risk Review

In 2021 the business has continued to invest in strengthening risk management most noticeably in health and safety and tax compliance and planning. In addition, focus has been on managing significant external risks around the COVID-19 pandemic and the consequent disruption in global material flows with an unprecedented number of Force Majeures being called by suppliers. As a result of the 2021 material shortages, raw material prices continue to be above long-term market averages, resulting in inflationary pressures that have been further amplified by increased energy costs.

Despite the headwinds that the Group is experiencing, the business continues to perform well as we continue to implement COVID safe work practices, develop our supply chain capabilities and continue to manage costs. The cash position of the Group remains healthy despite the higher raw material prices driving up working capital. Despite these challenges, the Directors remain confident that the Group will be sufficiently well capitalised for the foreseeable future as a consequence of current and projected business performance.

There remain significant risks across Scott Bader from a macroeconomic, regulatory, and legal compliance perspective, business continuity, data integrity, operational and process efficiency. We continue to monitor, manage, and mitigate these risks as a priority.

Principal Risks and Uncertainties

The Trustees have developed a more robust approach to managing the risks to which the charity is exposed to ensure that appropriate controls are in place to provide reasonable assurance against the risks identified. The Trustees undertake a quarterly review of the risk register, which assigns the management of the risks to specific individuals and recommends actions to be taken, where necessary, to manage their likelihood or impact. Risks are added to the register as they arise and are reported at the quarterly board meetings.

The Charity's main source of income is by payment of a dividend or a donation from SBCL. There is a provision in the Articles of Association of SBCL to ensure that there is a minimum amount paid to the Charity each year (1% of the annual staff salary cost of the Scott Bader Group), the Trustees do not consider this to be a major risk, unless the performance of the Company becomes so precarious that payment of the donation might threaten the very existence of the Company.

The Charity's secondary source of income, from 2020 onwards is rent of circa £33k per annum from the letting of rooms in Keep House, to local charities as offices and meeting facilities and the garages as storage facilities. A proportion of the income will be retained each year to maintain and operate the building.

Continued low interest rates are a minimal risk because the Charity is not dependent on the receipt of interest to fund its grant making programme.

The Commonwealth Board of Trustees regularly reviews the Risk Matrix which the Group Board use to monitor and manage business and operational risk.

Environmental care

The focus of the Group at this point is on energy usage and how we generate our energy. The Group aspires to have all our manufacturing sites audited against ISO 14001, with 5 out of 6 sites already certified. The Group recognises that the production of electricity is a major contributor to CO2 emissions.

Scott Bader has continued to focus on driving reductions on our CO2 emissions per metric tonne. Scott Bader purchases electricity from low carbon suppliers in the UK, France and Croatia. Our renewable energy certificates allow us to report zero CO2 for our Scope 2 emissions in these locations, however according to recent amendments to the GHG Protocol Corporate Standard, we are reporting both market-based and location-based emissions for Scope 2 CO_2.

We have not included Scope 1 emissions from company owned and company leased vehicles as we do not believe these to be material to the UK business, as it operates a very small number of vehicles. We have been guided by GRI 302 and GRI 305 in the collection and reporting of our energy consumption and CO_2 emission data.

2021

ENERGY CONSUMPTION		SB UK		GROUP	
		LOCATION BASED	MARKET BASED	LOCATION BASED	MARKET BASED
Non-Renewable (GJ)		80,424	54,018	201,419	157,793
Renewable (GJ)		151	26,557	3,004	46,629
Total (GJ)		80,575		204,422	
GREENHOUSE GAS EMISSIONS		SB UK		GROUP	
Scope 1 ($TeCO_2e$)		2,778	2,778	8,204	8,204
Scope 2 ($TeCO_2e$)		1,557	0	4,116	2,249
Scope 1 and Scope 2 ($TeCO_2e$)		4,335	2,778	12,320	10,452
INTENSITY FACTOR		SB UK		GROUP	
Energy Intensity	MJ/Te of product	2,142		1,541	
	GJ/full time employee	417		291	
	MJ/£000's revenue	906		757	
Carbon Intensity (market based)	$kgCO_2e$/Te of product	74		79	
	$TeCO_2e$/full time employee	14		15	
	$kgCO_2e$/£000's revenue	31		39	

2020

ENERGY CONSUMPTION		SB UK		GROUP	
		LOCATION BASED	MARKET BASED	LOCATION BASED	MARKET BASED
Non-Renewable (GJ)		86,947	61,504	195,265	153,409
Renewable (GJ)		160	25,603	2,970	44,826
Total (GJ)		87,107		198,235	
GREENHOUSE GAS EMISSIONS		SB UK		GROUP	
Scope 1 ($TeCO_2e$)		3,196	3,196	7,927	7,927
Scope 2 ($TeCO_2e$)		1,648	0	3,938	1,997
Scope 1 and Scope 2 ($TeCO_2e$)		4,844	3,196	11,864	9,924
INTENSITY FACTOR		SB UK		GROUP	
Energy Intensity	MJ/Te of product	2,447		1,599	
	GJ/full time employee	309		286	
	MJ/£000's revenue	1,307		1,009	
Carbon Intensity (market based)	$kgCO_2e$/Te of product	90		80	
	$TeCO_2e$/full time employee	11		14	
	$kgCO_2e$/£000's revenue	48		51	

The 2020 data noted above has been updated to reflect improved utilisation of C02 emissions data, which provides for an increased level of accuracy for reporting purposes.

INVESTMENT

Cash

Currently the Charity holds a small amount in deposit accounts, which are reviewed annually to ensure best return. However, for ease of administration e.g. bank transfer payments in the UK and overseas, the majority of cash is held on deposit by SBCL on behalf of the Charity at an interest rate comparable to the most competitive available to the Charity.

There is an agreement in place, which is reviewed periodically, to ensure that money is provided to the Charity upon request and that the appropriate interest is received.

Property

The Charity has an asset in the form of a property known as Keep House, 124 High Street, Wollaston NN29 7RJ.

An open market appraisal in December 2021, by an independent valuer with a recognised and relevant professional qualification, gave a value of £495k for this property.

Reserves

Based on the known income and expenditure streams and the Trustees expectations for charitable donations in 2022 the Trustees' policy is the same as in previous years so that the unrestricted fund reserves and cash resources are sufficient and will support the Charity's plans for at least 1-2 years [see note 24].

The Trustees agreed to continue to maintain a small reserve if no donation is received from SBCL or the expenditure budget is exceeded and there are funds to cover the support costs. It has been agreed to build up a contingency fund for use on improving Keep House, which is owned by the Charity.

Financial Controls

The Financial Controls Policy, which also includes the delegation of authority and segregation of duties, is reviewed annually. The Trustees consider that the procedures and systems in place are robust and are followed diligently by all parties concerned.

PLANS FOR THE FUTURE

Going Concern

The Scott Bader Commonwealth relies on surpluses generated by wholly owned trading subsidiary companies to be able to carry out grant-making to meet the charitable objectives and does not undertake any fundraising activities with the public.

During the first quarter of 2022 to date, the Group has experienced results below expectations despite a strong order book, due to supply chain disruptions and continued restrictions as a result of COVID-19. Nevertheless, the Group continues to trade profitably.

During this challenging period the Group Leadership Team (GLT) has generated forecasts to Mid-2023 under a variety of scenarios. On the basis of these forecasts, the Directors remain confident that the Group will be sufficiently well capitalised for the foreseeable future. Based on recent results and current forecasts, management have been able to conclude that the outlook for the Scott Bader Group remains positive, which in turn will support Scott Bader Commonwealth.

The recent the Constitutional review has brought into focus the crucially important principles and practice of how the Commonwealth Board works to discharge its responsibilities at the centre of Scott Bader. The exercise has enabled us to emerge stronger and with renewed confidence and vigour.

As a result of the review the CWB trustees have concluded that systemic improvement is necessary in the way the board itself operates and intends to implement the following improvements over the next two years:

- **Charity** – we will bolster and reconfigure charitable activities in order to deliver our charitable aims and responsibilities. Funding ratios for charitable donations will remain as present and we wish to widen the meaning of charitable giving including encouraging and re-energising the volunteering undertaken by colleagues. We aim to replicate the Keep House model at Wollaston. This will provide local opportunities for good practice and outreach around selected locations around the group.

- **Income** – we will agree a new way of securing a reliable income in order to fund the activities of the Commonwealth Office which supports a spectrum of charitable activities as well as the servicing of the democratic system.

- **Key Performance Indicators** – we will develop a set of measures to review how the company is performing. These will not solely be strategic and financial but cover other key components of excellent performance, including the discharge of SB Principles.

- **Engagement** – we will implement a refreshed way in which colleagues learn about the features and responsibilities of democracy in Scott Bader. This will include both the induction, orientation, and 'onboarding' for new recruits along with the ongoing refreshment necessary to keep everyone committed and engaged.

Community Projects and Partnerships

To extend its strategic, objective, and charitable activities in Northamptonshire, the Commonwealth Board will now work with the local community to develop projects and partnerships to further utilise Keep House. Where appropriate, cross-sector partners will be engaged to maximise project opportunities, scale, and collective impact.

Independent auditors

RSM UK Audit LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

In so far as the Trustees are aware:

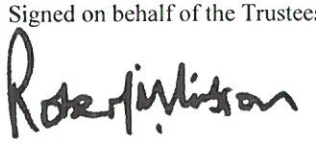
- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' and officers' liability insurance

The Trustees (who are also directors of The Scott Bader Commonwealth Limited for the purposes of company law) are insured against the costs of successfully defending any actions brought for negligence in the performance of their duties as Directors.

The Board of Trustees approved this report and, the Strategic Report in their capacity as directors on 27 April 2022.

Signed on behalf of the Trustees by:



Robert Gibson
Trustee

Jessica Clark
Trustee

Trustees' responsibilities statement

The Trustees who are also the directors of the Scott Bader Commonwealth Limited (for the purpose of company law) are responsible for preparing the Trustees' Report including the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under company and charity law the Trustees 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 group and the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the group and the charitable company for that period.

In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Opinion

We have audited the financial statements of The Scott Bader Commonwealth Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Group and Charity Statements of Financial Activities (incorporating an income and expenditure account), Group and Charity Balance Sheets, Group Cash Flow Statement and notes to the financial statements, including 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 the parent charitable company's affairs as at 31 December 2021 and of the group's incoming resources and application of resources, including its income and expenditure, 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 group and parent charitable 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report of the Trustees other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Report of the Trustees. 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.

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

We have nothing to report in this regard.

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 Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 17, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the group's and parent charitable 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 trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operate in and how the group and parent charitable company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal and external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety and environmental compliance. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, review of accounting policies in relation to revenue recognition and sample testing revenue.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the consolidated financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our group audit approach.

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

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

GARETH JONES (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

4 May 2022

THE SCOTT BADER COMMONWEALTH LIMITED

GROUP AND CHARITY STATEMENTS OF FINANCIAL ACTIVITIES (incorporating an income and expenditure account)

For the year ended 31 December 2021

	Notes	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Income from:					
Other trading activities:					
Commercial trading operations		**270,266**	197,342	-	-
Donation		**-**	-	552	795
Rental income		**15**	21	33	24
		270,282	197,363	585	819
Investment income	5	**187**	253	4	4
Total income	4	**270,469**	197,616	589	823
Expenditure on:					
Raising funds:					
Commercial trading operations	6	**(261,541)**	(184,600)	-	-
Charitable activities	9	**(336)**	(259)	(408)	(330)
Total expenditure		**(261,877)**	(184,859)	(408)	(330)
Net income excluding joint venture income		**8,592**	12,757	181	493
Share of net income from joint ventures		**280**	188	-	-
Net income before tax for the financial year		**8,872**	12,945	181	493
Tax payable	10	**(1,174)**	233	-	-
Net income before net losses on investments		**7,698**	13,178	181	493
Net losses on investments		**(30)**	-	(30)	-
Net income		**7,668**	13,178	151	493
Other recognised gains / (losses):					
Actuarial gain on defined benefit pension	22	**1,183**	4,018	-	-
Change in value of hedging instrument		**44**	14	-	-
Currency translation differences		**(992)**	(358)	-	-
Deferred tax on other recognised gains and losses		**(292)**	(756)	-	-
Net movement in funds		**7,611**	16,096	151	493
Attributable to the owner		7,580			
Attributable to the NCI		31	-	-	-
Net movement in funds		**7,611**	16,096	151	493
Total funds brought forward	24	**107,254**	91,158	1,883	1,390
Total funds carried forward	24	**114,865**	107,254	2,034	1,883

The accompanying accounting policies and notes form an integral part of these financial statements.

THE SCOTT BADER COMMONWEALTH LIMITED

GROUP AND CHARITY BALANCE SHEETS

At 31 December 2021

	Notes	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Fixed assets					
Intangible fixed assets	12	**272**	418	-	-
Tangible fixed assets	13	**48,729**	41,615	-	-
Investment property	15	**495**	525	**495**	525
Interests in joint ventures	14/15	**591**	615	-	-
		50,087	43,173	**495**	525
Current assets					
Stocks	16	**32,898**	19,843	-	-
Debtors	17	**49,498**	40,531	**1,352**	1,135
Cash at bank and in hand		**32,421**	40,665	**235**	265
		114,817	101,039	**1,587**	1,400
Current liabilities					
Creditors: amounts falling due within one year	18	**59,933**	43,438	**48**	42
Net current assets		**54,884**	57,601	**1,539**	1,358
Total assets less current liabilities		**104,971**	100,774	**2,034**	1,883
Creditors: amounts falling due after more than one year	19	**1,366**	1,993	-	-
Provisions	21	**5,536**	6,735	-	-
		6,902	8,728	-	-
Net assets excluding pension asset		**98,069**	92,046	**2,034**	1,883
Pension asset	22	**16,796**	15,208	-	-
Net assets		**114,865**	107,254	**2,034**	1,883
Reserves:					
General reserve funds					
Unrestricted income funds	24	**114,347**	106,722	**1,547**	1,366
Designated funds					
Fair Value Reserve	24	**487**	532	**487**	517
Non-Controlling interest					
Non – Controlling interest	24	**31**	-	-	-
		114,865	107,254	**2,034**	1,883

The financial statements on pages 25 to 53 were approved by the board of Trustees on 27 April 2022 and signed on their behalf by

Robert Gibson
Trustee

Jessica Clark
Trustee

Company number: 496082

The accompanying accounting policies and notes form an integral part of these financial statements.

THE SCOTT BADER COMMONWEALTH LIMITED

GROUP CASH FLOW STATEMENT

For the year ended 31 December 2021

	Notes	2021		2020	
		£'000	£'000	£'000	£'000
Net cash provided by operating activities	25		**857**		19,622
Taxation paid			**(1,633)**		(514)
Net cash (used in)/generated from operating activities			**(776)**		19,108
Cash flows from investing activities					
Purchase of tangible assets		**(13,006)**		(5,681)	
Purchase of intangible assets		**-**		(208)	
Proceeds from disposals of tangible assets		**4**		43	
Dividends received from joint ventures		**96**		56	
Interest received		**187**		41	
Net cash used in investing activities			**(12,719)**		(5,749)
Cash flows from financing activities					
Receipts from bank loan facilities		**-**		51	
Repayment of bank loans		**(590)**		(451)	
Interest paid		**(95)**		(95)	
Net cash used in financing activities			**(685)**		(495)
Net increase in cash and cash equivalents			**(14,180)**		12,864
Effect of exchange rates on cash and cash equivalents			**(473)**		135
Cash and cash equivalents at the beginning of the year			**40,665**		27,666
Cash and cash equivalents at the end of the year			**26,012**		40,665
Cash and cash equivalents consist of:					
Cash at bank and in hand			**32,421**		40,665
Bank overdrafts			**(6,409)**		-
Cash and cash equivalents at the end of the year			**26,012**		40,665

The accompanying accounting policies and notes form an integral part of these financial statements.

1. STATEMENT OF COMPLIANCE

Scott Bader Commonwealth Limited is a private company, limited by guarantee, incorporated in England and Wales and domiciled in England. The company number is 496082 and the registered office is Wollaston Hall, Wollaston, Wellingborough, Northamptonshire, NN29 7RL.

The financial statements have been prepared in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the measurement of certain financial assets and liabilities measured at fair value.

The charitable company constitutes a public benefit entity as defined by FRS102.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Reduced disclosures

In accordance with FRS 102, the Charity has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.

Going Concern

When assessing the going concern principle for the Commonwealth, considerations of the Trustees include, but are not limited to the following in relation to SBCL; the Financial position of the Group as at 31st December 2021, the cash position as at 28 February 2022, the projected cashflows and the availability and headroom of the financing facilities across the group.

During the first quarter of 2022 to date, the Group has experienced results in-line with expectations despite continued headwinds as a result of Brexit implementation, supply chain disruptions and continued restrictions as a result of COVID-19.

During this challenging period the Group Leadership Team (GLT) has generated forecasts to 30 June 2023 under a variety of scenarios, and these include particularly prudent, worst case assumptions. On the basis of these forecasts, the Trustees remain confident that the Group will be sufficiently well capitalised for the foreseeable future.

Having considered the financial forecasts, and despite the anticipated macroeconomic downturn as a result of COVID-19, the Trustees are confident that the Scott Bader Group, and therefore the Commonwealth, remains a going concern, and that the results within this document represent a true and fair view of the position of the Group.

The accounts are prepared on the going concern basis.

Group financial statements and basis of consolidation

These financial statements consolidate the results of the Charity and all its subsidiary undertakings made up to 31 December 2021.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures.

In the group financial statements, joint ventures are accounted for using the equity method.

2. ACCOUNTING POLICIES (CONTINUED)

Group financial statements and basis of consolidation (continued)
Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

Foreign currency
(i) Functional and presentation currency
The Group financial statements are presented in pound sterling and rounded to thousands.
The Charity's functional and presentation currency is the pound sterling.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.
Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(iii) Translation
The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net assets and from the translation of the profits or losses at average rates are included in other recognised gains and losses.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably: (d) it is probable that future economic benefits will flow to the entity.

(i) Sale of goods
The risks and rewards of ownership of goods are deemed to have been transferred when the goods are shipped to, or picked up by the customer.

(ii) Interest income
Interest income is recognised using the effective interest rate method.

(iii) Rental income
Rental income is recognised on a straight line basis over the life of the rental period.

(iv) Voluntary income

Voluntary income including donations, gifts and grants that provide core funding or of a general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

2. ACCOUNTING POLICIES (CONTINUED)

Employee benefits
The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

(i) Short term benefits
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans
The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

(iii) Defined benefit pension plan
The Group operates a defined benefit plan for certain UK employees. This scheme was closed to future accrual from 1 April 2006. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset recognised in the balance sheet in respect of the defined benefit plan is the fair value of the plan assets at the reporting date less the present value of the defined benefit obligation at the reporting date.

A defined benefit plan asset has been recognised only to the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds from the plan

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other recognised gains and losses. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit asset.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:
(a) the increase in pension benefit liability arising from employee service during the period; and
(b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Interest payable and similar charges'.

(iv) Other retirement benefits
Scott Bader France is required by French law to provide a lump sum to employees on retirement, based on length of service with the employer. The provision is calculated according to French government assumptions of life expectancy and a standard discount rate. The provision is applied to those employees with less than 15 years until retirement because it is assumed that some employees will leave before reaching retirement age.

(v) Annual bonus plan
The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

2. ACCOUNTING POLICIES (CONTINUED)

Government grants
Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Taxation
Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items in other recognised gains and losses. In this case tax is also included in other recognised gains and losses.

Current or deferred taxation assets and liabilities are not discounted.
(i) Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax
Deferred tax arises from timing differences that are differences between taxable profits and total net income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Business combinations and goodwill
Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 5 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Intangible assets
Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, of up to 10 years, in line with the Director's assessment of the beneficial period.

2. ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets and depreciation
Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives.

(i) Land & buildings
Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

Leasehold properties are amortised in equal instalments over the lesser of the unexpired term of the relevant lease or fifty years, except that premiums paid or receivable on the acquisition of leasehold properties applicable to rental benefits are written off over the period to the first open market rent review.

(ii) Plant and machinery and fixtures, fittings, tools and equipment
Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation and residual values
Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

Freehold buildings	50 years
Short leasehold land and buildings	over the lease period
Plant and equipment	3-20 years
Motor vehicles	4-5 years

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Leased assets
At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Finance leased assets
Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

(ii) Operating leased assets
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(iii) Lease incentives
Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

2. ACCOUNTING POLICIES (CONTINUED)

Investments
Charity Investment in subsidiaries and joint ventures are held at cost less accumulated impairment losses. Group Investments in joint ventures are stated in the group balance sheet at the group's share of their net assets.
The group's share of profits less losses of joint ventures is included in the group statement of financial activities.

Stocks
Stocks are stated at the lower of cost and estimated selling price less costs to sell. Stocks are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition. The cost of manufactured finished goods includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity).

At the end of each reporting period stock are assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

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

Provisions and contingencies
(i) Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

In particular:
(a) Restructuring provisions are recognised when the Group has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and
(b) Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(ii) Contingencies
Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when
(a) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date; or
(b) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the likelihood of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Financial instruments
The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets
Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where

2. ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)
the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when
(a) the contractual rights to the cash flows from the asset expire or are settled, or
(b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or
(c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities
Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Bills of exchange are recognised at face value and recorded at amortised cost until the date of maturity and the payment against it is realised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement, in which case they flow through Other Comprehensive Income.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting
Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Research and development costs
Expenditure on research and development is written off as incurred.

Fund accounting
General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. If applicable, the aim and use of each designated fund is set out in the notes to the financial statements.
All funds are general except for the fair value reserve which is a designated fund.

Resources expended
Expenditure is recognised when a liability is incurred. Contractual arrangements are recognised as goods or services are supplied. Other payments are recognised when a constructive obligation arises that results in the payment being unavoidable.

2. ACCOUNTING POLICIES (CONTINUED)

Resources expended (continued)

- Costs of generating funds are those costs incurred in trading activities that raise funds.
- Charitable activities include expenditure associated with the Commonwealth.
- Governance costs include those incurred in the governance of the Charity and its assets and are primarily associated with constitutional and statutory requirements.
- Charitable donations and grants are accounted for in the year of payment or when approved and the recipient has been informed in writing that the donation is to be made unconditionally, albeit that payment may be in a following accounting period. Where it has been agreed to make such unconditional donations or grants to charity in future years this is included in the accounts as a liability.

Investment property

Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure. Investment properties are carried fair value with changes in fair value being recognised in other recognised gains and losses through the Fair Value Reserve.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Impairment of debtors (note 17)

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

(ii) Provisions (note 21)

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

(iii) Defined benefit pension scheme (note 22)

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, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

(iv) Accruals for customer claims

Accruals are made for customer claims to the extent that they are expected to be payable based upon the historical pattern of customer claims and any known uninsured product liability.

4. ANALYSIS OF TOTAL INCOME

	Note	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
External turnover of Scott Bader Company Limited and its subsidiaries		**270,267**	196,700	**-**	-
Government grants*		**-**	642	**-**	-
Rental income		**15**	21	**33**	24
Investment income	5	**187**	253	**4**	4
Donation from Scott Bader Company Limited		**-**	-	**552**	795
		270,469	197,616	**589**	823

* Across the Group, payments from government to compensate employers for part of the staff costs of employees placed on furlough, or similar such schemes in 2020 which was subsequently repaid or donated to charity in 2021.

5. INVESTMENT INCOME

	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Interest receivable and similar income	**187**	253	**4**	4
	187	253	**4**	4

6. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Staff costs (including related costs)	**40,957**	37,656	**-**	-
Other trading costs	**220,584**	146,944	**-**	-
Charitable activities	**336**	259	**408**	330
	261,877	184,859	**408**	330

7. NET INCOMING RESOURCES

Net incoming resources is stated after charging or (crediting) the following items:	Group 2021 £'000	Group 2020 £'000
Research and development	**3,825**	3,250
Depreciation and amortisation	**5,262**	5,410
Loss/(Profit) on disposal of tangible assets	**45**	(9)
Reversal of impairment of trade receivables	**(147)**	(42)
Impairment of inventory	**606**	21
Operating lease charges	**1,416**	1,377
Foreign exchange gain	**(461)**	(43)
Auditor's remuneration:		
Fees payable to the Charity's auditors:		
- for the audit of the Charity's financial statements	**38**	20
- for the audit of the Charity's subsidiaries	**301**	194
Other non-audit fees	**144**	21

The audit fees of the Charity itself are paid by Scott Bader Company Limited.

8. INTEREST AND SIMILAR ITEMS

	Group	
Interest payable and similar charges:	**2021**	2020
	£'000	£'000
Interest expense on bank loans and overdrafts	**89**	92
Interest expense on other loans	**6**	4
Total interest expense on financial liabilities not measured at fair value through profit/loss	**95**	96
Total interest payable and similar charges	**95**	96

9. EXPENDITURE ON CHARITABLE ACTIVITIES

The Scott Bader Commonwealth Limited has a policy of making grants to organisations and not individuals. Information about the charitable donations (grants) made by The Scott Bader Commonwealth Limited is given below. As advised earlier in the report, funds are made available to all the companies in the Scott Bader Group (proportionate to the number of people employed at each location). Via small Charity committees (if they choose) they then submit applications via the grant management tool OPTIMY, which was introduced to simplify and streamline the grant making process.

The Trustees are aware that some locations prefer to support the same charities year on year, but consider it is acceptable to form long term relationships with the charities that they consider are looking after the welfare of those less fortunate in the communities where they operate.

9. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

	2021 £'000	2020 £'000
Commonwealth Community Hardship Fund **£10,000 – Ace Africa –** Providing tree seedlings for 10 schools in Western Kenya therefore improving the long-term nutrition and wellbeing of 500 children. **£2,695 – Action for Kids –** To fund an employability project for pupils with special educational needs and disabilities; **£4,000 – Afro Brazilian Arts & Cultural Exchange Institute –** To fund an educational programme to improve the quality of life of young people from disadvantaged backgrounds in London; **£2,000 – Awaken Love for Africa–** To support 13 families to become self-sufficient by maize growing, in Kenya; **£4,464 – Baby Basics –** To provide new starter packs for mums in need in Northamptonshire; **£4,000 – Blooming Blossoms Trust –** To fund features of a sensory garden for children with learning, behavioural and emotional difficulties in London; **£4,000 – Carers Worldwide –** Providing mental health support for carers in India; **£3,125 – Christel House SA –** Funding for school uniforms and a feeding programme in South Africa; **£4,000 – Clapton Common Boys Club** – Empowering 45 boys aged 13-16 years to engage in an IT and basic functional skills support programme in London; **£4,000 – Contact –** To support families with disabled children in UK; **£7,000- Disabled Sailors Association** – Support towards their core costs, Portsmouth, UK; **£250 – Fondation Rene Verrier-** To support terminally ill patients and their families in Drumondville, Canada; **£8,000 - FoodForward-** Funding to provide meals for families in poverty in South Africa.; **£1,750- IT Schools Africa –** Supporting students in Malawi in gaining vocational and entrepreneurial experience.; **£4,000- Just kidding-** Funding after school activities for SEN children to develop their social and emotional development in London; **£2,510 - Livability –** Renovation of their garden area for their clients.; **£3,650 – Nene Valley Care Trust-** Funding of food vouchers for disadvantaged young people in Northamptonshire.; **£4,000 – NOAH Enterprise –** Supporting the catering provision at the welfare centre for homeless in Luton.; **£3,000- Normandy Community Therapy Garden-** Funded mental health workshops in Guildford.; **£9,750 – Northampton Hope Centre –** Funded the development of their Learning4Living platform.; **£2,696 – Penny Brohn UK** –Providing remote services for vulnerable cancer patients and their carers in the East Midlands – **£4,000 – Porridge & Pens Ghana –** Supporting a holistic and educational wellbeing programme for 60 girls, women and their families.; **£2,400- Quaker Congo Partnership-** Enabling disadvantaged women to diversify their crops and lengthen growing seasons.; **£2,500 – Royal Commonwealth Society for the blind –** Supported their social inclusion programme in India.; **£4,000 – Sals Shoes** –Funded the distribution costs to enable shoes to be donated to disadvantaged children globally **£2,500 – SOS Children's Village Philippines –** To ensure that emerging needs from the pandemic are being met; **£2,000- Starfish Greathearts Foundation-** Supporting access to healthcare through the wellness wagons in South Africa; **£897 – Sustainable Global Gardens –** Providing a water supply for a school in Tanzania.; **£4,000 – The Garage** –Supporting disadvantaged young people through drama based activities in Norfolk, UK – **£9,533 – The Lewis Foundation –** Providing care packages to adult cancer patients in Northamptonshire.; **£4,000 – The Nasio Trust–** Developing a young farmers club to enable sustainable access to food in Kenya.; **£2,905 – Traidcraft Exchange –** Improving social security for disadvantaged home workers in India.;– **£756 – Food collection for the homeless –** Colleagues in France donated food to the homeless.; **£4,000- We Mind & Kelly Matters –** Funded 50 places for suicide awareness courses in schools across Northamptonshire; **£9,200 – Wycombe Youth Action –** Supported training sessions in relation to mental health in schools and youth groups in High Wycombe, UK.; **£4,000 – Young & Inspired** –Addressing the bio-psycho-social effects of Covid on young people in London.	**145.1**	96.9
UK		
Donations via UK Nomination Scheme –whereby colleagues nominate a charity of their choice to receive a donation	**13.5**	14.0
Small donations to support small local charities with their fund-raising activities	**0.5**	0.4

9. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

	2021 £'000	2020 £'000
£4,500- Action for Asperger's – Funded counselling sessions for clients with Asperger's across Northamptonshire.; **£5,000 – Action for Children** – Funded breaks for disabled children and their families in Northamptonshire.; **£2,000 – Autism East Midlands** – Provided wellbeing packs for children in Northamptonshire.; **£4,951-Busy Bees Pre School**– Purchased new play equipment for their Pre School, in Wollaston, Northamptonshire; **£4,000 – Cransley Hospice Trust** – Funded memory boxes for bereaved young people in Northamptonshire.; **£5,000 – Drama Expressions for Children** – Funded drama therapy sessions for young people with mental health challenges in London.; **£2,820- Leicestershire, Leicester and Rutland Headway** – Funded counselling services for brain injury survivors.; **£2,936- Living Without Abuse-** Support group for high risk young people in Leicestershire.; **£3,000 – London Hearts** – Provided funding for two defibrillators in Northamptonshire.; **£4,800- Northamptonshire Domestic Abuse Service** – Supported their counselling sessions; **£3,900- Smallpeice Trust** – Funded enrichment days in schools across Northamptonshire.; **£4,900- Spencer Contact** – Provided funding to maintain two vehicles so that the charity could continue to provide furniture for disadvantaged people in Northamptonshire.; **£750- Compassionate Friends-** Funded zoom subscriptions costs to keep the service running during lockdown in Northamptonshire.	**48.6**	38.1
DUBLIN **£2,654- Barnardo's -** Funding towards their essential everyday food and support programme from their Mulhuddart Centre; **£882- Extern Ireland-** Purchasing equipment for disadvantaged children to take part in activities in Dublin.; **£400- Inner City Helping Homelessness Meath-** Providing essential items for the homeless in Dublin.	**3.9**	3.3
FRANCE Small donations to support small local charities. **£865 –Container Pour Angola -**Funded new School equipment for children in Angola.; **£4,000 – CRE2ADO-** Supported adolescents with mental health challenges in Amiens.; **£5,435 – For Senegal-** Funded the equipment required for women to run their own businesses and be self-sufficient; **£7,026 - La Bonne Case** – Funding the building of a new dormitory for disadvantaged girls in Cameroon; **£756 – Les Enfants De Makka** – Funded the restoration costs for school tables in Senegal.; **£1,065- Petites Soeurs de Pauvres-** Provided funding for new beds for residents in Amiens.; **£2,000- Secours Populaire de la Somme-** Funded days out for disadvantaged children in Amiens.	**0.7** **21.1**	1.0 20.0
CROATIA **£5,300 –Centar za rehabilitaciju Stancic, Croatia –** funded an access project for people with disabilities.; **£9,950 – Mali Zmaj–** Supported families whose homes were destroyed by the earthquakes in **Croatia**.; **£2,000 - Udruga Za Promicanje Kvalitete Zivota** – Provided the funding for new equipment to be purchased for Pilates based exercises for people with MS in Zagreb.	**17.3**	14.3
SOUTH AFRICA **£1,500- Cape Flats Youth Development Program** – Funding provided to access digital learning material in Cape Town: **£2,000 – Christel House SA** – Provided funding for school uniforms and a feeding programme in South Africa.; **£2,000- Food Forward SA-** Funding to provide meals for families in poverty in South Africa.; **£1,000- Girls and Boys Town** – Funded new school equipment in Kwa zulu Natal.; **£1,000- Horizon Farm Trust-** Funded residential places for disadvantaged people in Pinetown, South Africa.; **£2,000- Khayalempilo Creche** – Funded an early learning program for children in Kwa zulu Natal.; **£700- Okhule Edu-Care Centre** – Funded educational resources in Kwa zulu Natal.; **£800- School of Hard Knocks** – Funded mental health programmes for young people in Cape Town.; **£2,000- Starfish Greathearts Foundation** – Provided funding to enable people to access healthcare through the wellness wagons in Kwa zulu Natal.; **£800- Sthembile Day & Aftercare Creche-** Funded new outdoor play equipment in Durban.; **£1,500- The Kay Mason Foundation-** Funded school provisions in Cape Town.; **£700- Zamukwazi Creche-** Funded the renovation of their building, Kwa zulu Natal.	**16.0**	15.3

9. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

	2021 £'000	2020 £'000
DUBAI **£3,275 – Diya Foundation -** funded life skills training for disadvantaged adults in India; **£2,850 – Help in Need –** Improving access to schools in Pakistan; **£2,850 – MAAN Education and Health Development Organisation –** Funded a safe and secure learning environment in Pakistan; **£2,850 – Rainbow Centre Sri Lanka –** Furnished a classroom block; **£2,850 – Read Foundation** – Funding of new furniture and facilities for a school in Pakistan; **£2,500- Ruchika Social Service-** Funded their up skilling courses for disadvantaged youths in India.; **£2,850- The Giving Back Foundation-** Funded tuition fees for girls in India.; **£2,850- Trust for the rehabilitation of the paralysed-** Supported marginalised groups through the pandemic in Bangladesh, India.	**22.9**	15.1
SWEDEN **£3,100 – Barncancerfonden-** funding for children with cancer in Sweden.; **£650- Falkenbergs Fonthus-** Supporting activities for the disadvantaged young adults in Sweden.	**3.8**	3.1
CZECH REPUBLIC **£1,350 – Helppes Centrum -** towards training an assistance dog in Prague, Czech Republic.; **£1,030- Nadace Jedlickova ustavu –** Funded a Barrier Free Transport project for children in wheelchairs in Prague, Czech Republic.; **£1,370- Czech Blind United-** operational costs for blind and partially sighted people in Prague, Czech Republic.	**3.8**	3.5
SPAIN **£3,000 – Obra social sant joan de Deu –** Provided funding for tutoring vulnerable women in Barcelona, Spain.	**3.0**	2.5
GERMANY **£2,750 – Doctors Without Borders-** Supporting global and humanitarian aid.	**2.8**	2.2
CHINA **£4,250- Shanghai Charity Foundation –** Funded an art therapy project for autistic children.	**4.3**	4.7
USA **£3,835** a nomination scheme similar to the one in the UK for the people in Ohio. The remaining **£2,165** was divided between their local foodbanks	**6.0**	5.2
CANADA **£1,000- Foundation de la Tablée Populaire-** Providing gifts and activities for the disadvantaged in Drummondville; **£3,250- Foundation Rene Verrier-** Towards improving healthcare and pallative care services in Drummondville; **£4,000- Foundation Le Tremplin-** Providing mental health awareness booklets in Drummondville.	**8.3**	6.7
President's Fund £5,000 to the Victoria Centre, Wellingborough, £500 to the Daylight Centre, Wellingborough. The remaining £2,000 was split equally between Bolivian Quaker education fund, British Pugwash Group, Peacechild International, Positive News Trust, Quaker Peace and Social Witness, Quaker Homeless Action, Gandhi Foundation and Wollaston Heritage Society	**7.5**	7.5
AUSTRALIA **£2,500- Hands Off Foundation-** Care packs for survivors of sexual assault in Melbourne	**2.5**	-
Total direct charitable expenditure	**331.0**	253.8
Governance cost	**5.0**	5.0
Total direct charitable expenditure	**336.0**	258.8

10. TAXATION

The Commonwealth is registered as a Charity and as such is exempt from Corporation Tax. However tax is payable by Scott Bader Company Limited and its subsidiaries.

a) Tax expense included in profit or loss	**2021**	2020
	£'000	£'000
Current tax:		
– UK Corporation tax on profits for the year	**603**	602
– Foreign corporation tax on profits for the year	**1,613**	1,325
– Adjustment in respect of prior periods	**813**	(1,671)
Group current tax	**3,029**	256
Share of joint ventures' current tax	**-**	-
Total current tax	**3,029**	256
Deferred tax:		
– Change in tax rate	**566**	-
– Origination and reversal of timing differences	**(781)**	(340)
– Adjustment in respect of prior periods	**(1,640)**	(149)
Group and total deferred tax	**(1,855)**	(489)
Group current tax	**3,029**	256
Group deferred tax	**(1,855)**	(489)
Group tax on profit on ordinary activities	**1,174**	(233)

b) Tax expense included in other comprehensive income	**2021**	2020
	£'000	£'000
Deferred tax:		
– Origination and reversal of timing differences	**(292)**	(756)
Total tax expense included in other comprehensive income	**(292)**	(756)

10. TAXATION (CONTINUED)

(c) Reconciliation of tax charge

The tax assessed for the year is higher (2020: lower) than the standard rate of corporation tax in the UK 19% (2020: 19%). The differences are explained below:	**2021 £'000**	2020 £'000
Total net income before tax for the financial year	**8,872**	12,945
Profit on ordinary activities at standard rate of corporation taxation in the UK: 19% (2020: 19%)	**1,686**	2,460
Effects of:		
Foreign subsidiary profits within zero tax rate regime	**(557)**	(1,013)
Other adjustments in respect of foreign tax rates	**311**	394
(Income) / Expenses not deductible for tax purposes	**107**	1
Unrecognised deferred tax	**(111)**	(280)
Withholding tax suffered	**-**	7
Re-measurement of deferred tax (change in tax rate)	**566**	-
Prior year adjustment	**(828)**	(1,802)
Group tax on profit on ordinary activities:	**1,174**	(233)

The Effective Tax Rate (ETR) of the Group (excluding prior year adjustments) increased by 3.6% to 18.6% (2020: 15.0%).

A revised Group Transfer Pricing Policy was implemented, with effect from 1 January 2021, to reflect significant organisation changes and the resultant impact on the value drivers of the Group's business. The revised policy has increased the Group's ETR by approximately 3.4% on an ongoing basis, reflecting the combined effect of local rates of taxation in the Group's various business territories. Other, less material, changes served to further reduce the ETR by 0.2%.

11. ANALYSIS OF STAFF COSTS

The Commonwealth does not employ any staff. The staff costs of SBCL are detailed below:

	2021 £'000	2020 £'000
Wages and salaries	**25,684**	24,446
Staff bonuses	**4,944**	3,288
Other staff benefits	**3,132**	2,993
Social security costs	**3,855**	3,465
Pension costs - payments to defined contribution schemes	**2,008**	1,906
Other retirement provisions	**(46)**	403
Redundancy	**1,380**	1,155
	40,957	37,656

Expenses reimbursed to the Trustees in the year £1.7k (2020: £1k), relating to travel and subsistence for 4 Trustees (2020: 4).

The directors of the Charity do not receive remuneration in their role as directors of the Company. Employee elected directors receive remuneration for their operational roles in the Scott Bader Group company that they are employed, with the amount received noted below for their period as Trustee:

	2021 £'000	2020 £'000
Basic Salary	**183**	154
Pension contributions and other benefits	**5**	34
Bonuses	**18**	12
	206	200

11. ANALYSIS OF STAFF COSTS (CONTINUED)

The employee benefits of key management personnel of the Group were £1,888k (2020: £1,770k). This includes SBCL directors' remuneration. Key management personnel are defined by their involvement within the Group Leadership Team (GLT) and therefore involved in day to day decision making of the group strategy.

The number of employees whose total employee benefits exceeded £60,000 during the year for the charitable group was:

	2021 Number	2020 Number
£60,001 - £70,000	**105**	34
£70,001 - £80,000	**27**	21
£80,001 - £90,000	**18**	12
£90,001 - £100,000	**11**	15
£100,001 - £110,000	**6**	7
£110,001 - £120,000	**5**	11
£120,001 - £130,000	**7**	4
£130,001 - £140,000	**5**	3
£140,001 - £150,000	**3**	2
£150,001 - £160,000	**2**	-
£160,001 - £170,000	**2**	2
£170,001 - £180,000	**2**	1
£180,001 - £190,000	**1**	-
£200,001 - £210,000	**1**	-
£210,001 - £220,000	**1**	-
£250,001 - £260,000	**-**	1
£270,001 - £280,000	**1**	-
£290,001 - £300,000	**-**	1
£320,001 - £330,000	**-**	1
£390,001 - £400,000	**1**	-
	198	115

The average number of persons employed during the period by geographical area was as follows:

	2021 Number	2020 Number
UK and Eire	**298**	289
Continental Europe	**207**	198
Rest of World	**198**	207
	703	694

The average number of persons employed by the Group by activity was as follows:

	2021 Number	2020 Number
Administration	**95**	82
Research & Development	**46**	47
Manufacturing & Distribution	**429**	437
Sales & Marketing	**133**	128
	703	694

12. INTANGIBLE FIXED ASSETS

Group	Goodwill £'000	Technology £'000	Total £'000
Cost at 1 Jan 2021	1,456	1,066	2,522
Cost at 31 Dec 2021	**1,456**	**1,066**	**2,552**
Accumulated Amortisation at 1 Jan 2021	1,145	959	2,104
Charge for the year	110	36	146
At 31 Dec 2021	**1,255**	**995**	**2,250**
Net book value			
At 31 Dec 2021	**201**	**71**	**272**
At 31 Dec 2020	311	107	418

13. TANGIBLE FIXED ASSETS

Group	Land and Buildings		Plant and equipment	Motor vehicles	Total
	Freehold £'000	Short leasehold £'000	£'000	£'000	£'000
Cost or valuation:					
At 1 Jan 2021	35,267	4,681	81,588	477	122,013
Additions	5,812	56	7,138	-	13,006
Disposals	(128)	-	(474)	-	(602)
Difference on exchange	(1,040)	96	(1,422)	(55)	(2,421)
At 31 Dec 2021	**39,911**	**4,833**	**86,830**	**422**	**131,996**
Accumulated Depreciation:					
At 1 Jan 2021	18,285	2,449	59,339	327	80,400
Charge for the year	876	217	3,988	35	5,116
Disposals	(66)	-	(487)	-	(553)
Difference on exchange	(517)	45	(1,205)	(19)	(1,696)
At 31 Dec 2021	**18,578**	**2,711**	**61,635**	**343**	**83,267**
Net book value					
At 31 Dec 2021	**21,333**	**2,122**	**25,195**	**79**	**48,729**
At 31 Dec 2020	16,982	2,234	22,249	150	41,615

Assets in the course of construction and on which depreciation has yet to commence are included in the cost of Plant & Equipment to the value of £4,466k (2020: £3,286k). Freehold land of £6,437k (2020: £1,523k) is not depreciated.

14. SUBSIDIARY UNDERTAKINGS

The Commonwealth is the registered holder of the whole of the share capital of Scott Bader Company Ltd 100,000 shares of 50p each. Of these the Commonwealth holds 10,000 shares on behalf of the Guardian Trustees who have additional responsibilities to their role as Charity Trustees as set out in the Trustees' Report.

These 10,000 shares are referred to in the Articles of The Scott Bader Commonwealth Limited as Guardian Trustee Shares. Special voting rights in relation to these shares are exercised under Articles 27 and 68 of the Articles of Association of The Scott Bader Commonwealth Limited. These relate to any resolution to alter the Articles of Association of either The Scott Bader Commonwealth Limited or Scott Bader Company Ltd or to dispose of or direct the disposal of any shares in Scott Bader Company Limited.

The shares were given to the Commonwealth in 1951 and 1963 by Ernest Bader and his family in order to place Scott Bader Company Limited in common ownership where it would be directed and managed not only for the benefit of those working in the Company but also for the wider community and for future generations.

Since, under Article 10 of the Scott Bader Company Limited, the Commonwealth has no power to dispose of any of the shares it holds in Scott Bader Company Limited, the Trustee consider that no value should be attributed to them.

Subsidiary undertakings

The group holds 100% of the issued shares of all subsidiaries in the below table and, except where noted, these are held by the Company. None of the subsidiaries are listed on a recognised stock exchange and all have been included in the consolidation.

Company	Country of incorporation and principal country of operation	Company Registration Number	Nature of Business	Registered Office
Scott Bader Company Limited	Great Britain	00189141	Corporate Head office	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader UK Limited	Great Britain	4562724	Manufacturer of resins	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader SAS	France	631 720 497	Manufacturer of resins	65 Rue Sully, 80000 Amiens
Scott Bader Middle East Ltd (Incorporated in Jersey) [1]	United Arab Emirates	States of Jersey: Registration No.: 55367 JAFZA: Registration No.: 173909	Manufacture of resins	One The Esplanade, St Helier, Jersey, JE 3QA, Channel Islands
Scott Bader d.o.o. [2]	Croatia	80008643	Manufacture of resins	Radnička cesta 173 i, 10000 Zagreb
Scott Bader (Pty) Ltd[1]	South Africa	1993 000 466 07	Manufacture of resins	1 Lubex Road, PO Box 1539, Hillcrest 3650, Hammarsdale, Kwazulu Natal, South Africa
Scott Bader ATC Inc.	Canada	1168859909	Manufacturer of adhesives	2400, Canadien Street #303, Drummondville (Qc), J2C 7W3, Canada
Scott Bader Scandinavia AB[1]	Sweden	556399-5322	Distributor of resins	BOX 202, 31123 Falkenberg
Scott Bader Eastern Europe[1]	Czech Republic	250 45 580	Distributor of resins	Evropska 2588/33a, Dejvice, 160 00 Praha 6
Scott Bader Iberica SL[1]	Spain	ESB 62948450. Tomo 34949/Folio 0202	Distributor of resins	Avda. Corts Catalanes, 8, 08173 Sant Cugat del Valles-Barcelona

14. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Company	Country of incorporation and principal country of operation	Company Registration Number	Nature of Business	Registered Office
Scott Bader Inc [3]	USA	2310546	Distributor of resins	Registered Agent Solutions, Inc., 9E. Loockerman Street, Suite 311, Dover, DE 19901
Scott Bader (Shanghai) Trading Company Ltd	China	91310000664387 9063	Distributor of resins	Room2402, Hitch Palza 488 Wuning Road (South) Shanghai China
Scott Bader Japan KK	Japan	3020001128001	Distributor of resins	Nisso Bldg#18, Export Office#708, 3-7-18, Shin-Yokohama, Kohoku-ku, Yokohama, Kaagawa, Japan
Synthetic Resins Limited	Great Britain	282663	Intermediate holding company	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Boldhelp Limited	Great Britain	3793984	Intermediate holding company	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader Brazil Limited	Great Britain	8549866	Intermediate holding company	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader North America Inc[1]	USA	2310544	Intermediate holding company	Registered Agent Solutions, Inc., 9E. Loockerman Street, Suite 311, Dover, DE 19901
Scott Bader Community Fund Trustee Limited	Great Britain	01282834	Corporate trustee	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader Ireland Ltd	Ireland	00189141	Distributor of resins	7a Dunboyne Industrial Est, Dunboyne, Co. Meath, Ireland
Scott Bader Australia Pty Ltd[1]	Australia	640312170	Distributor of resins	P.O.Box 1124 Bibra Lake, Western Australia 6965 Australia

[1] held by Synthetic Resins Limited, [2] held by Boldhelp Limited, [3] held by Scott Bader North America Inc

The Group's dormant companies have not been listed in the above table.

The group holds 80% of the issued shares of the subsidiary in the below table, held by the Company. This subsidiary is not listed on a recognised stock exchange.

Company	Country of incorporation and principal country of operation	Company Registration Number	Nature of Business	Registered Office
Polymer Mimetics Limited	Great Britain	12598928	Research	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL

14. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Joint Ventures

Company	Country of incorporation and principal country of operation	Registered Office
Novascott Especialidades Quimicas Ttda (JV) [1]	Brazil	Rodovia Gobernador Mario Covas, no 600, sala 48, Lote Tabajara, Serra do Anil, CEP 29.147-030, City of Cariacisa/ES, Brazil
Satyen Scott Bader LLP (JV) previously Satyen Scott Bader Private Limited	India	307, A-Z Industrial Premises G K Marg, Lower Parel Mumbai Mumbai City MH 400013 IN

[1] shares held by Scott Bader Brazil Limited

All joint ventures manufacture and distribute compounded polyester resins and are 50% owned by the group, except where noted above these shares are held directly by the Company.

Branches outside the UK

The Group and Company operated a branch based in Dublin for the first six months of 2021 which was a sales only operation.

Subsidiary results

A summary of the results of the subsidiaries is shown below:

	2021 £'000	2020 £'000
Turnover	**270,039**	196,496
Other operating income	**286**	905
Direct and indirect overheads	**(262,006)**	(185,293)
Group operating profit	**8,319**	12,108
Share of operating profit in joint ventures	**280**	188
Total operating profit: group and share of joint ventures	**8,599**	12,296
Interest receivable and similar income	**187**	253
Interest payable and similar charges	**(95)**	(96)
Profit before taxation on ordinary activities	**8,691**	12,453
Taxation on profit on ordinary activities	**(1,174)**	233
Profit for the financial year	**7,517**	12,686

A summary of the 2021 results of the key subsidiaries is shown below:	SB UK £'000	SB SAS £'000	SB ME £'000
Total Net Assets	**43,828**	**13,940**	**26,566**
Gross Turnover	**88,930**	**62,111**	**65,858**
Raw material and consumables	**(58,654)**	**(45,154)**	**(48,921)**
Profit for the financial year	**2,965**	**1,447**	**2,931**

15. INVESTMENTS

	Group Joint Ventures		Group and Charity Investment Property	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Balance at 1 January	**615**	581	**525**	525
Share of profits retained	**280**	188		-
Dividend received	**(96)**	(56)		-
Difference on foreign exchange	**(208)**	(98)		-
Loss on investments	**-**	-	**(30)**	-
Balance at 31 December	**591**	615	**495**	525

Investment property historical cost:	**2021**	2020
The investment property is owned by the charity:	**£'000**	£'000
Cost at 1 January and at 31 December	**8**	8

The investment property was valued by an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued, Harwoods Chartered Surveyors & Estate Agents, in November 2021, on the basis of open market value. The valuation was arrived at by reference to the estimated amount for which the asset would be expected to exchange between two independent parties on an arms-length basis using available market evidence and local market knowledge.

16. GROUP STOCKS

	2021	2020
	£'000	£'000
Raw materials and consumables	**11,634**	7,240
Finished goods and goods for resale	**21,264**	12,603
	32,898	19,843

There is no material difference between the balance sheet value of stock and its replacement cost.

17. DEBTORS

	Group		Charity	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Trade debtors	**44,597**	37,218	**-**	-
Amounts owed by group undertakings	**-**	-	**1,352**	1,135
Corporation tax recoverable	**72**	472	**-**	-
Other taxation recoverable	**1,794**	448	**-**	-
Other debtors	**1,311**	1,152	**-**	-
Prepayments and accrued income	**1,724**	1,241	**-**	-
	49,498	40,531	**1,352**	1,135

Amounts owed by Group undertakings are unsecured and are charged interest at rates based upon UK market rates.
Trade debtors are stated after provisions for impairment of £289k (2020: £580k).

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Bank loans	**6,872**	596	**-**	-
Trade creditors	**40,909**	31,537	**-**	-
Amounts owed to group undertakings	**-**	-	**48**	41
Bills of exchange payable	**337**	229	**-**	-
Corporation tax	**1,274**	251	**-**	-
Other taxation and social security	**1,742**	2,025	**-**	-
Other creditors	**1,033**	633	**-**	1
Accruals and deferred income	**7,766**	8,167	**-**	-
	59,933	43,438	**48**	42

Amounts owed by the Group through an overdraft facility amounted to £6,408,000 as at 31 December 2021 (2020: £nil). The facility is denominated in various currencies with the net overdraft balance on any individual currency incurring a charge of 1.25%. The bank has a charge over the assets of the companies in relation to the overdraft.

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2021	2020
	£'000	£'000
Loans		
Within one to two years	**408**	495
Within two to five years	**875**	1,112
In five years or more	**25**	284
	1,308	1,891
Derivative financial instruments		
Within two to five years	**58**	-
In five years or more	**-**	102
	1,366	1,993

20. LOANS AND OTHER BORROWINGS

Loans repayable, included within creditors, are analysed as follows:

	Group	
	2021	2020
	£'000	£'000
Due within one year or on demand		
Bank Loans and overdrafts	**6,872**	596
Due after more than one year		
Bank Loans and overdrafts	**1,308**	1,891
Total borrowings	**8,180**	2,487
Maturity of financial liabilities:		
In one year or less, or on demand	**6,872**	596
In more than one year, but not more than two years	**408**	495
In more than two years, but not more than five years	**875**	1,112
In more than five years	**25**	284
	8,180	2,487

20. LOANS AND BORROWINGS (CONTINUED)

Details of loans not wholly repayable within five years are as follows:	Group 2021 £000	2020 £000
EURIBOR variable rate secured loans payable in quarterly instalments until July 2026	-	244
Loans with interest payable over 60 months	**25**	40
	25	284

£1,452k (2020: £1,915k) of Group borrowings are secured by fixed and floating charges over the Group's assets.

Other Group bank loans

Other bank loans includes loans from three French banks which are denominated in Euros and are all repayable by quarterly instalments with the final payments being due in July 2026. The initial total value of loans taken out in 2014 was €4,000,000 and as at 31 December 2021 the outstanding amount was €1,695,000 (2020: €2,404,000). They are all secured by a charge over the Group's trading subsidiary in France. These loans have variable rates and during 2021 they ranged from 1.16% to 2.94%.

An additional loan with a French bank was taken out in 2018 and the balance as at 31 December 2021 is €284,000 (2020: €444,000). This loan is payable in monthly instalments with the final payment due in August 2023. The loan is unsecured and the interest rate is fixed at 0.73%.

21. GROUP PROVISIONS FOR LIABILITIES

Group	Environmental £'000	Leaving Provisions £'000	Retirement Benefits £'000	Deferred Tax £'000	**Total £'000**
At 1 January 2021	780	1,977	2,294	1,684	**6,735**
Foreign exchange impact	-	15	(49)	(33)	**(67)**
Amounts charged to the profit and loss account	330	201	(35)	(1,850)	**(1,354)**
Amounts used during the year	-	-	(70)	292	**222**
At 31 December 2021	**1,110**	**2,193**	**2,140**	**93**	**5,536**

Environmental:
The environmental provision was originally established in Scott Bader Company Limited as a future payment for the required restitution of land when the relevant subsidiary companies vacate the premises currently occupied. The provision is expected to be utilised over 10 years although there is no intention to leave any of the affected sites. The provision was estimated using the reports as provided by an independent third-party specialist.

Leaving provisions:
The leaving provision is established in Scott Bader Middle East as a payment based on local requirements when employees leave the business. The provision is expected to be utilised as current employees leave the business between 2021 and 2049.

21. GROUP PROVISIONS FOR LIABILITIES (CONTINUED)

Retirement benefits:
a) £1,442,000 (2020: £1,422,000) relates to 'quasi pension' commitments given to former employees.
The provision is expected to be utilised over the expected lives of the former employees and their spouses between 2020 and 2037.
b) £697,000 (2020: £872,000) relates to French statutory retirement benefits payable to France based employees of the Group.
The provision is expected to be utilised between 2021 and 2033.

Deferred taxation:

The deferred tax liability consists of the following liabilities / (assets):

	2021	2020
	£'000	£'000
Excess of capital allowances over depreciation	**(412)**	1,893
Short term timing differences	**(949)**	(884)
Revaluation of tangible assets	**-**	3
Post-employment benefits	**4,199**	1,732
Losses	**(2,745)**	(1,060)
	93	1,684

22. GROUP POST EMPLOYMENT BENEFITS

(a) Defined benefit scheme

For UK employees Scott Bader UK operates a defined benefit scheme with assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members' final salary. The plan is administered by an independent trustee, who is responsible for ensuring that the plan is sufficiently funded to meet current and future obligations.

The date of the most recent actuarial valuation as at 31 December 2019 revealed a funding shortfall of £4,101,000 (31 December 2016: shortfall of £13,560,000). If the Scheme is in deficit on a Technical Provisions basis calculated by the Scheme Actuary in accordance with the Scheme's Statement of Funding Principles dated June 2020 as at 1 July 2021, contributions into the Scheme will recommence at a level of £460,000 p.a. (£38,333.33 per month) for the period from July 2021 to December 2028 inclusive.

Contributions:
- Potential £460,000 pa in respect of 1st July 2021 to 31st December 2028

Contributions to the escrow account are currently suspended following the improvement in the Scheme's funding level at the 2019 actuarial valuation. This can be recommenced if the position deteriorates. For any remaining funds as at December 2028, the funds may either be returned to the company or paid to the pension fund depending on investment performance and the funding position in 2028.

The escrow account was established to hold deposited cash for safekeeping, with the Bank of New York Mellon as custodian, as part of the agreement with the Pension Trustees to cover the funding shortfall based on the 2016 review. The funds are protected and can only be released to either the pension scheme or the employer based on mutual approval between the company and the Trustees.

The 31 December 2019 actuarial valuation figures have been updated to the balance sheet in order to assess the additional disclosures required under section 28 of FRS102 as at 31 December 2021. This update was done by an independent qualified actuary, using the following major assumptions:

22. GROUP POST EMPLOYMENT BENEFITS (CONTINUED)

	2021	2020
Rates of increase in salaries	**n/a**	n/a
Rate of increase in 5% LPI pensions in payment	**3.40%**	3.20%
Rate of increase in 5% LPI pensions with 3.5% underpin in payment	**3.90%**	3.80%
Rate of increase in pensions in deferment	**2.50%**	2.20%
Discount rate	**1.80%**	1.15%
Inflation assumption	**3.50%**	3.20%

Assumed life expectancies on retirement at age 60:

		2021 Years	2020 Years
Retiring today	Males	**26.3**	26.6
	Females	**29.0**	29.1
Retiring in 10 years	Males	**26.9**	27.2
	Females	**29.7**	29.9

Reconciliation of scheme assets and liabilities:	Assets £'000	Liabilities £'000	Total £'000
At 1 January 2021	164,343	(149,135)	15,208
Remeasurement gains / (losses)			
- Experience gains on liabilities	-	(1,605)	(1,605)
- Changes to demographic assumptions	-	1,786	1,786
- Actuarial gain	-	11,424	11,424
- Return on plan assets excluding interest income	(10,422)	-	(10,422)
Net remeasurement gains	(10,422)	11,605	1,183
Benefits paid	(5,740)	5,740	-
Employer contributions	230	-	230
Interest income/(expense)	1,857	(1,682)	175
At 31 December 2021	**150,268**	**(133,472)**	**16,796**

No amounts (2020: Nil) were included in the cost of assets.

The fair values of the plan assets were:	2021 £'000	2020 £'000
Equities	**9,857**	11,197
Gilts and LDI funds	**110,600**	119,400
Corporate Bonds	**25,124**	29,492
Cash & net current assets	**4,687**	4,254
	150,268	164,343

(b) Defined contribution schemes

Following the closure of the defined benefit scheme in the UK to new entrants, all employees, in countries where the state pension provision is not considered sufficient, have the opportunity to benefit from a defined contribution scheme provide by their local employer.

22. GROUP POST EMPLOYMENT BENEFITS (CONTINUED)

	Group	
The amount recognised as an expense for these defined contribution schemes was:	**2021 £000**	2020 £000
Current period contributions	**1,992**	1,906

23. FINANCIAL INSTRUMENTS

	Notes	Group		Charity	
		2021 £000	2020 £000	**2021 £000**	2020 £000
Derivative financial instruments	19	**(58)**	(102)	-	-

Group:
Derivative financial instruments – Interest rate swaps
The Group has entered into two interest rate swaps to receive interest at EURIBOR and pay interest at a fixed 1.46/1.49%. The two swaps are based on a principal amount of 3,500,000 EUR, equal to loans held with two French banks, and they mature in 2026/2027 on the same date as the bank loans to which they relate.

The instruments are used to hedge the Group's exposure to interest rate movements on the two bank loans. The fair value of the interest rate swaps is £(58k) (2020: £(102k)).

Cash flows on both the loan and the interest rate swaps are paid quarterly until 2026/2027. During the financial year a hedging gain of £44k (2020: £14k) was recognised in other comprehensive income for changes in the fair value of the interest rate swap.

24. ANALYSIS OF MOVEMENT IN FUNDS

GROUP	**Fair Value Reserve (Designated Fund) £000**	**Unrestricted income funds £000**	**Non – Controlling interest £000**	**Total £000**
At 1 January 2020	595	90,563	-	91,158
Net movement in funds	-	16,096	-	16,096
Revaluation transfer	(63)	63	-	-
At 1 January 2021	532	106,722	-	107,254
Net movement in funds	-	7,580	31	7,611
Revaluation transfer	(15)	15	-	-
Loss on investments	(30)	-	-	(30)
At 31 December 2021	**487**	**114,317**	**31**	**114,835**

Fair Value Reserve (Designated Fund)
Land and buildings and plant and equipment were re-valued at 29 December 1989. The Fair Value Reserve is a designated fund meaning that the fund cannot be distributed unless the properties are sold or the Directors are first assured that the properties maintain at least their previous market value.

24. ANALYSIS OF MOVEMENT IN FUNDS (CONTINUED)

CHARITY

	Fair Value Reserve £000	Unrestricted income funds £000	Non – Controlling interest £000	Total £000
At 1 January 2020	517	873	-	1,390
Net movement in funds	-	493	-	493
At 1 January 2021	517	1,366	-	1,883
Net movement in funds	-	151	-	151
Loss on Investments	(30)	-	-	(30)
At 31 December 2021	**487**	**1,517**	-	**2,004**

25. NOTES TO THE CASHFLOW STATEMENT

a) Reconciliation of net incoming resources to net cash provided by operating activities

	2021 £'000	2020 £'000
Net Income for the financial year	**7,698**	13,178
Interest payable	**(187)**	(253)
Interest receivable	**95**	96
Taxation	**1,174**	(233)
Share of operating profit in joint ventures	**(280)**	(188)
Loss on disposal of fixed assets	**(45)**	9
Depreciation and amortisation	**5,262**	5,410
Exchange difference	**211**	(699)
Contributions to UK defined benefit pension scheme	**(230)**	(789)
(Increase) in stocks	**(13,055)**	(1,683)
(Increase) in debtors	**(9,367)**	(671)
Increase in creditors	**9,188**	6,299
Increase / (decrease) in provisions	**393**	(855)
Net cash provided by operating activities	**857**	19,622

b) Analysis of changes in net debt

Group	At 1 January 2021	Cash flows	Exchange rate movement	At 31 Decembe r 2021
Cash and Equivalents:				
Cash	40,665	(8,244)	-	**32,421**
Overdraft	-	(6,409)	-	**(6,409)**
	40,665	(14,653)	-	**26,012**
Borrowings:				
Borrowings - repayable within one year	(596)	92	41	**(463)**
Borrowings - repayable after one year	(1,891)	498	85	**(1,308)**
	(2,487)	590	126	**(1,771)**
Net Cash	38,178	(14,063)	126	**24,241**

26. GROUP CONTINGENT LIABILITIES

Group:
Pension Scheme Funding: Scott Bader Company Limited entered into a guarantee in March 2007 with Scott Bader Pension Scheme Trustees Limited whereby the Company guaranteed that the Scott Bader UK Limited pension scheme would be 105% funded on an S179 valuation should the principal employer, Scott Bader UK Limited, fail to fulfil its agreed obligations to the Pension Trustees.

27. GROUP CAPITAL AND OTHER COMMITMENTS

a) Contracts for future capital expenditure not provided in the financial statements – Property, plant and equipment	**Group 2021 £'000**	Group 2020 £'000
No expenditure has been incurred although contracts have been placed	**1,601**	37

b) future minimum lease payments under non-cancellable operating leases for each of the following periods:	**Group 2021 £'000**	Group 2020 £'000
Not later than one year	**1,240**	1,294
Later than one year and not later than five years	**2,440**	3,179
Later than five years	**1,381**	1,962
	5,061	6,435

The Commonwealth has no operating lease commitments at 31 December 2021 (2020: Nil).

28. RELATED PARTIES

Group
The Company has granted manufacturing licences to Satyen Scott Bader, one of the Group's joint ventures during the year. Revenue of £281k (2020: £188k) was recognised.

The Company received dividends from Novascott Especialidades Quimicas Ttda of £96k (2020: £56k), one of the Group's joint ventures, during the year.

The Group has provided a capital contribution to Polymer Mimetics Limited of £431,000 (2020: £154,000).

Charity
The Commonwealth reimbursed SBCL, at cost, for management services provided in the year of £45k (2020: £38k). The net year end balance of money owed by SBCL to The Commonwealth was £1,304k (2020: £1,095k).

29. LEGAL STATUS OF THE SCOTT BADER COMMONWEALTH LTD

The Scott Bader Commonwealth Ltd is a company limited by guarantee without shares and a registered Charity. The liability of each member in the event of winding up is limited to 5p.

30. SUBSEQUENT EVENTS

The following item occurred subsequent to 31 December 2021:

Russia invaded Ukraine on 24 February 2022 in an act of aggression, and at present the conflict in Ukraine continues with unknown consequences across the globe. There is expected to be a significant impact with regards to both the supply of key raw materials in line with the impact experienced across the chemicals industry as well as higher energy costs. The full impact on the Group cannot be quantified at the date of these Financial Statements, but the Group has identified the need to continue close monitoring of its exposure in this region and costs in general

Recent Group forecasts and actual results since the balance sheet date, lead management to conclude that the Scott Bader Group remains well positioned to navigate through these uncertain times, and without requirement for adjustments to these Financial Statements as presented.

THE SCOTT BADER COMMONWEALTH LIMITED

England & Wales - Charity number 206391

Accounts

THE SCOTT BADER COMMONWEALTH LIMITED

COMPANY INFORMATION

For the year ended 31 December 2020

Company registration number:	496082
Charity registered number:	206391
Registered office:	The Scott Bader Commonwealth Limited Wollaston Hall Wollaston Wellingborough Northamptonshire NN29 7RL
Charity Trustees:	Robert Gibson Andrew Bell Agne Bengtsson David Black Jessica Clark Heather Davison David Harris Hansi Manning Paul Smith
Secretary:	Hayley Sutherland
Solicitors	Shoosmiths The Lakes Northampton NN4 7SH
Bankers	Unity Trust Bank Plc 4 The Square 111 Broad Street Birmingham B15 1AR CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ Scottish Widows PO Box 883 LEEDS LS1 9TY
Auditor	RSM UK Audit LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes Buckinghamshire MK9 1BP

THE SCOTT BADER COMMONWEALTH LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020

Company Registration No. 496082
Charity Registration No. 206391

THE SCOTT BADER COMMONWEALTH LIMITED

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REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT) TO THE MEMBERS OF THE SCOTT BADER COMMONWEALTH LIMITED

For the year ended 31 December 2020

DIRECTORS AND TRUSTEES

The Directors present their Annual Report and the Accounts of The Scott Bader Commonwealth Limited (the **Charity**), for the year ended 31 December 2020.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (December 2020).

The Board of Directors of the Charity is known as The Commonwealth Board (**CWB**). The Directors of the Charity are its charity Trustees for the purposes of charity law and throughout this report are collectively referred to as the '**Trustees**'.

The Trustees who served in the year, and subsequent appointments, were:

	Date of Appointment	**Date of Resignation**
Robert Gibson (Chair)		
Andrew Bell	1st December 2020	
Agne Bengtsson		
David Black	7th October 2020	
Jessica Clark	1st April 2020	
Gary Coldwell		31st March 2020
Heather Davison	1st June 2020	
David Harris		
Hansi Manning		
Kevin Matthews		13th January 2020
John Pike		6th October 2020
Adrian Pryce		31st August 2020
Paul Smith	13th January 2020	
Zelda Yanovich		29th February 2020

STRUCTURE; GOVERNANCE and MANAGEMENT

Background

The Charity is a company limited by guarantee and a registered Charity which owns the entire issued share capital of Scott Bader Company Limited (**SBCL**). SBCL was founded by Ernest Bader in the 1920s as a chemicals merchant. In 1951 he and other shareholders gave over their ownership of SBCL to the Charity, thereby setting up what is known to everyone who works at SBCL as 'The Commonwealth'.

The holding of the shares of SBCL is now known as a 'programme related investment' and The Commonwealth's ownership structure was specifically referred to in the Charity Commission's Legal Underpinning document relating to charities and investment matters, which reflects law and practice in December 2010.

The governance documents that were approved at an EGM on 26 April 2010 were reviewed, as had been agreed, after 3 years. This resulted in some minor changes being proposed to improve the effectiveness of the governance processes and the Charity is now governed by its revised Articles of Association approved at the AGM on 20th May 2014. At the same meeting the Articles of Association of SBCL and other associated documents that make up the Constitution of the Commonwealth (the **Constitution)** were also approved.

The Charity is a membership organisation and everyone employed by SBCL or any of its subsidiaries may become a member of the Charity (**a Commonwealth Member**). SBCL has manufacturing sites in six countries, the UK, France, South Africa, Dubai, Croatia, and Canada and small distribution and/or sales presence in the Czech Republic, Sweden, Spain, USA, Eire, China, Germany, India, Brazil and Japan.

As there are no outside shareholders, Commonwealth Members "hold the wealth in common" The intention of the founder was to create a company whose well-being is entrusted to those who work in it, with democratic involvement. There are over 681people employed worldwide, of which almost 575 are Commonwealth Members as of 31st December 2020.

In reading the accounts it is important to understand the relationship between the Charity, and SBCL and its subsidiaries (the Scott Bader Group). It is the responsibility of everyone that works for SBCL to ensure that it continues to exist in the long term for current and future generations. Profitability is important to ensure that SBCL can continue to operate, but adherence to the Guiding Principles and how that profit is achieved is paramount. There is provision in the Constitution to ensure that the Company is not just run for the benefit of the people that work for it, so a minimum amount must also be provided to the Charity.

The objects of the Charity are:

1) The promotion of ethical and religious principles in industry with a view to ensuring the discharge by persons engaged in industry of their social obligations for the welfare of the communities within which they operate
2) The promotion of sustainable development for the benefit of the public by the preservation, conservation and the protection of the environment by the prudent use of natural resources and the promotion of sustainable means of achieving economic growth and regeneration.

One of the ways 1) above is achieved is by the democratic governance structure of Scott Bader. Commonwealth Members can stand for election for the following:

- **The Commonwealth Board** (CWB) – the Board of the Charity has 3 internally elected Trustees
- **The Group Board** – the Board of Directors of SBCL has 3 internally elected Community Directors, who are elected from three constituencies - the UK and Eire, Continental Europe and the Rest of the World. Commonwealth Members in each constituency vote to elect the Community Director for their constituency.
- **The Members' Assembly (MA)** – the international democratic forum that represents all Commonwealth Members is comprised of 12 elected representatives and the Chairman of SBCL. It has a set of Rules which clearly set out its responsibilities, examples of which are (i) to hold the Group Board to account for the exercise of its responsibilities and for the health and success of Scott Bader Group businesses (ii) the Membership Function, delegated to it by the CWB and (iii) the development of local democracy.

There are also Local Councils/representative bodies – comprised of elected representatives existing in all of the large manufacturing sites to represent the interests of all staff e.g., relating to working conditions; welfare; reward and benefits.

This structure of self-governance provides significant additional dimensions to business and employment relationships and interaction with the wider community. It means that:

- Business relationships are more sustainable because Scott Bader is totally independent.
- There is an obligation to the wider community via the charitable giving
- Staff have opportunities and a greater role to play than just performing their day-to-day role

The Commonwealth Board (CWB)

As already stated, all members of the Charity's Board of Directors are Charity Trustees, and, as such, have to ensure that the Charity is run in accordance with Charity law. The CWB is not involved in the day-to-day running of the business of SBCL, but has responsibility for overseeing that the company is:

- Governed effectively and in accordance with the Guiding Principles
- Ensuring that Members are actively involved in the success of the business and that the Scott Bader Community is strong and healthy
- Supporting the Commonwealth in fulfilling its charitable objectives.

The CWB is consulted on topics such as future business strategies, acquisitions and the distribution of profits. The CWB also monitors the development of industrial democracy within SBCL.

There are 9 members of the CWB

- 5 externally appointed Guardian Trustees – who are approved by the Members' Assembly for a period of 3 years and are eligible for re-appointment. Guardian Trustees have the power to veto changes to the Constitution and any measure taken or proposed by the Group Board, the Members' Assembly or the Commonwealth Members in General Meeting that contravenes the Commonwealth Principles or Charity law.
- 3 internally elected members who serve for 3 years with the option to stand for re-election once
- 1 Company member - the Chairman of SBCL who remains in the position for the term of his/her appointment

Appointment of Trustees

The democracy within The Commonwealth is further demonstrated by the way the appointment of Trustees is made. In particular, the Guardian Trustees are selected by a nomination committee, comprised of people from the three governing bodies who then make a recommendation about the people to be considered; a joint resolution from the CWB and Group Board is put to the Members' Assembly which must approve all the Guardian Trustee appointments.

The appointments of the Guardian Trustees are staggered to provide continuity within the CWB.

Trustee Induction and Training

Prior to appointment all potential Trustees are informed of the role and responsibility of becoming a Trustee and provided with a copy of the Constitution. Upon appointment all Trustees are confirmed as Commonwealth Members and provided with a handbook which includes information relating to: governance; Charity trustee responsibilities; Charity policies and financial reports.

Induction is tailored to the needs of the individual to give them a more detailed understanding of how the Charity operates; the businesses and strategy of SBCL and how the governance works. Periodically formal training on the responsibilities of being a Trustee will be provided and in 2020 this was provided by the Directory of Social Change on 30th September 2020.

The Charity is a member of the Association of Charitable Foundations (ACF) which provides a range of helpful information on good practice.

Trustee Remuneration

Although some of Trustees are employed by SBCL or one of its subsidiaries none of the Trustees receive any remuneration for their work for the Charity.

Organisation

The department supporting the CWB is known as the Commonwealth Office.

Commonwealth Co-ordinators are appointed at each of the larger subsidiaries to assist with Charity activities, membership and local democracy issues at each location and they perform these duties in addition to their role within the company.

The day-to-day activities of the Charity are delegated by the CWB to the Commonwealth Office, but there is a Charity Committee to whom the CWB has delegated the authority for deciding which Charity applications to support and the payment of donations. The Charity Committee reports at each meeting on the decisions it has made.

Activities for the Public Benefit

To ensure ongoing awareness of the Charity Commission's guidance on public benefit all Trustees are provided with information about this in their handbook. In addition, information on this topic is posted on the Charity Commission's website and is reviewed from time to time by the Commonwealth Office for further guidance on this matter.

Having regard to this guidance the Trustees consider Public Benefit at two levels 1) in relation to the shareholding in SBCL and 2) the activities of the Charity.

1) The shareholding in SBCL

The CWB receives comprehensive information about the performance and management of SBCL at each meeting to enable it to monitor and review the effectiveness of holding the shares as a social investment.

The Trustees are still of the opinion that the self-governing representative structure of Scott Bader is of public benefit because wherever it operates colleagues know that the company must:

a. Contribute to the stability and economic growth locally, nationally and internationally.
b. Take steps to minimise the effects of the business on the environment.
c. Support its local communities via charitable giving and volunteering.
d. Be an exemplar of an alternative way to run a business.

2) Activities of the Charity

The income of the Charity is used to make grants to charitable organisations around the world, whose purposes are in line with the Charity's objects.

The Charity's income is described as a Global Charity Fund because:

(a) the income is achieved through the work of the individuals employed by the Scott Bader Group around the world; and
(b) it is used to support charitable work in various locations globally

There are various ways that charities become aware that they can apply to the Charity for funding. This is by networking; word of mouth from previous recipients of funding and by the information posted on the Scott Bader Group's website.

To help with management of the applications received, the Charity's general policy (due to limited funds) is that it cannot solely support animal charities; individual sponsorships; travel or adventure schemes; arts projects; any form of advertising; medical research and equipment; construction/renovation/maintenance of buildings in the UK and general charitable appeals.

To help prospective applicants we summarise that we help young or disadvantaged people, especially anyone suffering deprivation and discrimination, such as poor, homeless, and vulnerable women and children, minority communities, particularly where people are affected by poverty, a lack of education, malnutrition, and disease. The Trustees appreciate that these aims are wide, but as the needs of the communities in the locations where Scott Bader has a presence will be different, these allow the Charity flexibility in its grant making programme, thus reaching a variety of different groups of the public.

Although, as a grant making Charity, we are not required to check that the charities we support meet the public benefit requirement, the Trustees decided it would be prudent to include a section within the online application form requesting applicants to provide a short summary of how they will meet the public benefit requirement.

To achieve the aims in 2020 the Global Charity Fund was divided as follows:

Global Funds

Funds are made available to all the companies in the Scott Bader Group (proportionate to the number of people employed at each location). Via small Charity committees (if they choose) they then submit applications via the grant management tool OPTIMY, which was introduced to simplify and streamline the grant making process. Usually this will be used to support the work of charities situated near to or associated with each company, i.e., in Northamptonshire in the UK, Co. Meath in Eire, Amiens in France, Falkenberg in Sweden, Barcelona in Spain, Liberec in the Czech Republic, Zagreb in Croatia, Dubai, Durban in South Africa, Ohio in the USA; Drummondville in Canada and Shanghai in China; Tokyo in Japan and Western Australia in Australia.

Commonwealth Community Hardship Fund

This fund was introduced in 2020 in support of the COVID-19 pandemic. Applications were invited from charities whose projects for funding were addressing the impact of COVID-19. Preferences were given to applications received from charities close to our Scott Bader offices around the world. During 2020, a total of £97k was donated to 22 charities internationally to address the impact of COVID-19.

The Scott Bader Annual Chemistry Challenge Prize

It had been the intention for SBCW to work with the Royal Society of Chemistry for them to manage and oversee the process for this award. Unfortunately, due to COVID-19 it was not possible to pursue this idea during 2020.

Life President's Fund

A fund is available for distribution to charities chosen by the Life President, Mr Godric Bader, and these are listed under the heading of President's Fund.

Being established for 69 years, the Charity has a good reputation for grant making locally, nationally, and internationally and provided Scott Bader continues in business there is no reason why this should not continue and improve, which in the long term is of benefit to the public.

Briefing and consultation of employees

Industrial democratic practice is a major part of employee engagement, and all those who work within the Group are consulted on decisions that may affect their interests in accordance with Scott Bader's Constitution. It is the policy of Scott Bader that participation in decision-making is implemented at all levels.

Recognising that access to appropriate information is a necessary prerequisite to effective participation and consultation, the Group's monthly financial results and full year forecasts are shared with Commonwealth members and colleagues.

Members of The Scott Bader Commonwealth, membership of which is open to all who work on a permanent basis within the Group and who make a commitment to work according to the values expressed in the Constitution, have the opportunity to elect three of their number to serve for three years as members of the Board of Directors of Scott Bader Company Limited.

Employment of disabled persons

It is the Group's policy to offer equal opportunities to disabled persons applying for vacancies, having regard to their aptitudes and abilities in relation to the posts for which they apply.

As far as possible, arrangements are made to continue the employment of those colleagues who have become disabled persons during their employment within the Group. In all instances, consideration will be given to arranging training facilities, or providing special aids, where necessary. It is the Group's policy to provide disabled

persons with the same opportunities for training, career development and promotion that are available to all colleagues, having consideration to their aptitudes and abilities.

Equality

Scott Bader remains committed to offering equal opportunities to all and is committed to working towards securing a BSI accreditation in Diversity and Inclusion. When a vacancy arises, it is the Group's policy to consider all applications, in determining the best fit for the role. This requires an assessment based on aptitude, attitude and ability.

Colleague welfare

The Group will provide favourable pay, benefits and safe and healthy working conditions for all our colleagues to ensure we attract and retain the right people and encourage motivation, commitment and loyalty. The Group will treat people fairly without discrimination, provide support where necessary and ensure there is a balance between work and family life. The Group will provide opportunities for training, development and involvement to enable the fulfilment of the individual and the success of the Group.

Corporate responsibility

It is our Corporate Responsibility to conduct our manufacturing and distribution businesses in accordance with our principles; the Group strive to be a role model for the application of these principles and have taken steps to publish the first Employee, Environment, Social and Governance (EESG) report in 2021 to increase transparency in these critical areas.

Team working, fairness, responsibility and commitment

The Group must ensure it conducts its business in a fair manner; has regard for the environment; promotes sustainable economic growth; shows respect for individuals but pulls together as a team and cares about the wider community in which it operates. By doing this we will be able to demonstrate that giving people responsibility and involving them in decisions creates a sustainable, profitable, social and responsible organisation.

Ethical business

The Group will meet the needs of our customers and suppliers whilst having respect for our colleagues and the community by acting with honesty, integrity and fairness at all times.

Economic growth

The Group will devote considerable development and research resources to developing new products and technologies to achieve sustainable economic growth for the benefit of Scott Bader, its colleagues and the broader community.

STRATEGIC REPORT

Principal Activities

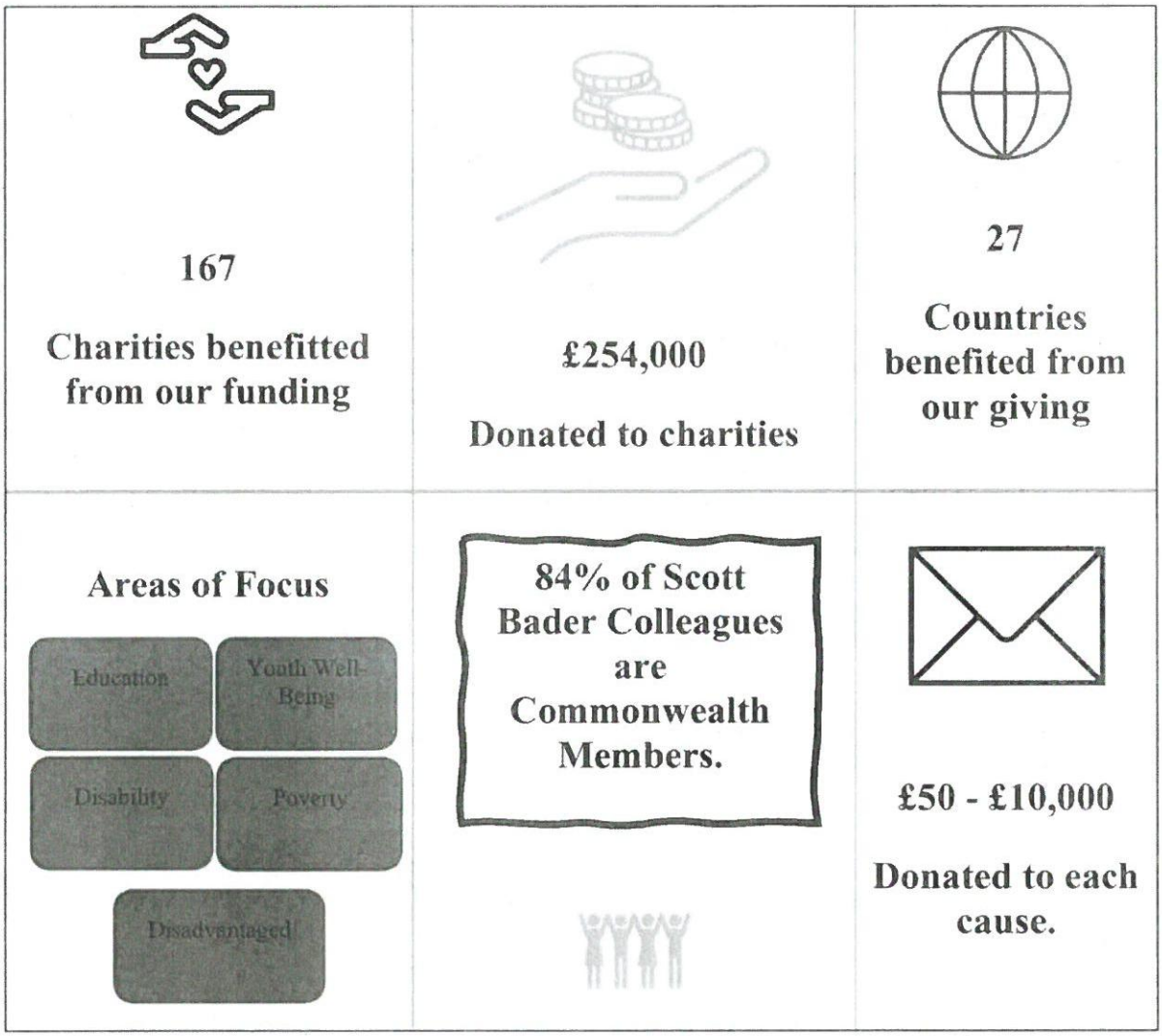
The principal activity of the SBCL Group continued to be that of the production and distribution of chemicals and related products.

Achievements and Performance

The Trustees are still of the opinion that dividing the charity's income in the way described above continues to enable the charity to support a diverse range of activities with a relatively small amount of money. However, this is dependent on the profitability of the company, but mechanisms exist to ensure that the charity's income will increase in line with increased profitability.

The number of applications received annually is circa 260 and we supported 167 of these. After running costs (which include staff costs, rent and financial provision for the charity property known as Keep House) circa 70% of the income of the Charity is donated as grants to support charitable activities and projects around the world.

Below is a summation of the grants awarded during 2020 from the income received in 2019. A full financial breakdown about the charitable (grants) made by The Scott Bader Commonwealth Ltd is provided in note 9 of the financial statements. The Trustees are satisfied that the objectives set for 2020 have been achieved.



Keep House

The refurbishment of the property in the UK known as Keep House was completed in February 2020 and full occupancy of the office space by local Charities was achieved by the end of Q1 2020, providing, not only office space but also access to meeting rooms and garden areas. By providing this facility the CWB is enabling these charities to continue the excellent work they do in the local community. The income generated is circa £25k per annum and will enable the CWB post COVID-19 to source and progress local project and partnership opportunities.

Involvement of Commonwealth Members

- **The Matched Funding Scheme** provided by SBCL reached circa £11.8k with over 24 charities receiving double what they would have received due to SBCL matching the amounts raised £1 for £1. More companies outside of the UK now also get involved in this scheme.

- **Volunteering** – in a normal year colleagues across the group are actively encouraged to participate in volunteering activities but due to COVID-19 this was not possible during 2020.

Adherence to the Guiding Principles contained in the Constitution

Information is shared between the three Group Governance bodies regularly to enable input into business and Charity issues and to help form strategic direction. This, together with attendance at the Members' Assembly meetings enable the Guardian Trustees to monitor, on behalf of the CWB, that the business is managed in accordance with the Guiding Principles as set out in the Constitution, which is a major contributing factor to Scott Bader achieving its charitable objects.

Given that it has been 10 years since the adoption of the 2010 Constitution (although some minor changes were made following the review in 2013/14). It was agreed in 2020 that a review of the Constitution should be undertaken.

In line with our objectives, we have commissioned a project which examines the Companies approach to EESG reporting, (Employee, Environmental, Social and Governance) to assess how we are evolving in this area.

Section 172 (1) statement

The Scott Bader Constitution sets out the Governance Principles expected of the Commonwealth Board. Although the Commonwealth Board is not involved in the day-to-day running of the business, it does have responsibility for ensuring the company adheres to the Commonwealth Principles. As such, the Commonwealth Board is consulted on topics such as future business strategies, acquisitions, and the distribution of profits. The Board also monitors the development of industrial democracy within Scott Bader. Although the Constitution pre-dates this section of the Companies Act, the principles meet the requirements of Section 172 Companies Act 2006.

Key decisions in 2020:

Resolution of legacy undeclared 'permanent establishment'

In the year ended 31 December 2019, the Group became aware of a Permanent Establishment ('PE') tax risk in relation to certain of its overseas activities in the year ended 31 December 2018 and prior years. During 2020, with the support of external advisors, the Company approached the relevant local tax authorities and worked with them to remediate the matter and to ensure a compliant position going forward. As a result of this pro-active and transparent approach, the issue was resolved, with agreement reached as to the appropriate tax liability outstanding. Payments to settle the outstanding tax liability were made during 2020 to the satisfaction of the local tax authorities.

Acquisitions

The acquisition of the assets of Summit Composites Pty Limited was completed in June 2020 for AUD $2.2m (£1.3m), aligning with the Group strategy of direct expansion beyond our core Europe, Middle East and Africa markets.

Throughout 2021 the Commonwealth Board will continue to review and reflect on the current methods of engagement with stakeholders, to determine how the Commonwealth can make improvements.

Promotion of the Charity activities via the website

There is a complete section on the website of SBCL dedicated to the activities of the Charity. This not only helps to promote our activities but also enables us to share more widely our different 'Trusteeship' business model. Social media is also used to share our charitable giving and the ways in which Commonwealth Members make a difference via their fund-raising activities.

Participation in external activities to promote the trusteeship way of working

This continued throughout 2020 by the Commonwealth Office and other members of the SBCL attending online events, making presentations and through our involvement with the Employee Ownership Association.

Review of SBCL

Whilst the CWB does not get involved in the day-to-day management of SBCL it receives updates at every Commonwealth Board meeting from the CEO, CFO, and HR Director on the performance of SBCL and an update on the overall business and key issues from the Company Member of the Board.

Business Performance

Sales through 2020 were adversely impact by COVID-19 particularly in the second quarter, leading to a reduction in year-on-year sales of 10%, driven predominantly by shortfalls in April and May. However, over the course of the year, the business performed well despite the presence of COVID-19, and the global slowdown it caused, benefiting from a significant reduction of raw material prices which supported a 4.4% growth in gross profit.

In parallel, the Group continued the strategic repositioning of the business towards lower volume, higher margin specialist products. The evolution of the strategy, allied to strong cost management to counteract downside margin risk of the pandemic, resulted in a year-on-year improvement in Operating Profit of 68% (£4.9m) and Profit Before Tax of 62% (£4.8m) despite adverse exchange rate movements.

Having discussed and reviewed the business performance for 2020, the Trustees were pleased to note that:

- The Profit Before Tax (PBT) of Scott Bader Company Limited for 2020 of £12.5m is higher than 2019
- Despite COVID-19, SBCL continued to be cash positive throughout 2020 providing cash reserves that will be used to cover the planned acquisitions during 2021 and for the continued investment across our plants and systems. This was supported by very strong management of the working capital and overdue debtors
- There has been a successful remediation of several major legacy issues including the permanent establishments and tax concerns across Germany and Poland
- Despite the challenges created by COVID-19, Health and Safety remained a priority, highlighted by the strong performance through 2020 with a lost time incident frequency rate (LTIR) of zero for the UK, Canada & South Africa. Overall, the group LTIR reduced by 13 compared to 2019
- IT improvements have been made globally with the implementation of Office 365

There are plans to:

- upgrade more facilities across the SB Group
- access new markets
- develop new technology opportunities
- introduce a process safety audit
- optimise whilst at the same time transform the current business
- invest in technology to improve quality and reality
- seek new business opportunities from new and existing sites e.g., in North America and Asia

All of which will help the continued success of the business and thus provide stability for charitable purposes and for the people that work at Scott Bader

SBCL Risk Review

The favourable cash position of the Group gives considerable opportunity to manage risks, drive improvements and also consider opportunities for investment that drive towards the Group's 2036 vision.

From a commercial viewpoint, the key risks relate to raw material price increases and a macroeconomic downturn as a result of the COVID-19 crisis. The group experienced disruption through 2020 due to COVID-19 with demand being particularly impacted in Q2.

However, the introduction of cost controls and pro-active management of cash led to a strong full year performance. The pandemic continues to create volatility challenges across the Group, further compounded as a result of supply chain disruption including due to Brexit. Nevertheless, the continued performance of the business and the forward projections show the Group will be sufficiently well capitalised for the foreseeable future.

There remain significant risks across Scott Bader from a macroeconomic, regulatory, and legal compliance perspective, business continuity, operational and process efficiency and data integrity. The Group continue to manage and mitigate these risks as a priority.

Review of Policies

The Trustees review their policies annually.

Principal Risks and Uncertainties

The Trustees have developed a more robust approach to managing the risks to which the charity is exposed to ensure that appropriate controls are in place to provide reasonable assurance against the risks identified. The Trustees undertake a quarterly review of the risk register, which assigns the management of the risks to specific individuals and recommends actions to be taken, where necessary, to manage their likelihood or impact. Risks are added to the register as they arise and are reported at the quarterly board meetings.

The Charity's main source of income is by payment of a dividend or a donation from SBCL. There is a provision in the Articles of Association of SBCL to ensure that there is a minimum amount paid to the Charity each year (1% of the annual staff salary cost of the Scott Bader Group), the Trustees do not consider this to be a major risk, unless the performance of the Company becomes so precarious that payment of the donation might threaten the very existence of the Company.

The Charity's secondary source of income, from 2020 onwards is rent of circa £25k per annum from the letting of rooms in Keep House, to local charities as offices and meeting facilities and the garages as storage facilities. A proportion of the income will be retained each year to maintain and operate the building.

Continued low interest rates are a minimal risk because the Charity is not dependent on the receipt of interest to fund its grant making programme.

The Commonwealth Board of Trustees regularly reviews the Risk Matrix which the Group Board use to monitor and manage business and operational risk.

Environmental care

The focus of the Group at this point is on energy usage and how we generate our energy. The Group aspire to have all our manufacturing sites audited against ISO 14001, with 5 out of 6 sites already certified. The Group recognise that the production of electricity is a major contributor to CO2 emissions.

Scott Bader has continued to focus on driving reductions on our CO2 emissions per metric tonne. Scott Bader purchases electricity from low carbon suppliers in the UK, France and Croatia. Our renewable energy certificates allow us to report zero CO2 for our Scope 2 emissions in these locations, however according to recent amendments to the GHG Protocol Corporate Standard, we are reporting both market-based and location-based emissions for Scope 2 CO_2.

We have not included Scope 1 emissions from company owned and company leased vehicles as we do not believe these to be material to the UK business, as it operates a very small number of vehicles. We have been guided by GRI 302 and GRI 305 in the collection and reporting of our energy consumption and CO_2 emission data.

Energy Consumption	SB UK		Group	
	Location Based	Market Based	Location Based	Market Based
Non-Renewable (GJ)	86,947	61,504	194,579	152,723
Renewable (GJ)	160	25,603	2,970	44,826
Total (GJ)	**87,107**		**197,549**	

Green House Gas Emissions	SB UK		Group	
	Location Based	Market Based	Location Based	Market Based
Scope 1 - Manufacturing (Te C02e)	3,190	3,190	7,186	7,186
Scope 1 - Vehicles (Te C02e)	*Not able to measure for 2020*			
Scope 1 (Te C02e)	1,648	0	3,964	1,803
Total (Te C02e)	**4,838**	**3,190**	**11,150**	**8,989**

Intensity Factors		SB UK (incl CL)	Group
Energy Intensity	MJ / T of product	2,447.0	1,593.0
	GJ / full time employee	308.9	284.7
	MJ / £000's revenue	1,307.3	1,005.4
Carbon Intensity	kge CO_2e / T of product	135.9	89.9
	Te CO_2e / full time employee	17.2	16.1
	kge CO_2e / £000's revenue	72.6	56.7

INVESTMENT

Cash

Currently the Charity holds a small amount in deposit accounts, which are reviewed annually to ensure best return. However, for ease of administration e.g. bank transfer payments in the UK and overseas, the majority of cash is held on deposit by SBCL on behalf of the Charity at an interest rate comparable to the most competitive available to the Charity.

There is an agreement in place, which is reviewed periodically, to ensure that money is provided to the Charity upon request and that the appropriate interest is received.

Property

The Charity has an asset in the form of a property known as Keep House, 124 High Street, Wollaston NN29 7RJ.

An open market appraisal of the property in November 2018, by an independent valuer with a recognised and relevant professional qualification, gave a value of £525k for this property. Now that the refurbishment of the property is complete a new valuation will be sought during 2021.

Reserves

Based on the known income and expenditure streams and the Trustees expectations for charitable donations in 2021 the Trustees' policy is the same as in previous years so that the unrestricted fund reserves and cash resources are sufficient and will support the Charity's plans for at least 1-2 years [see note 24].

The Trustees agreed to continue to maintain a small reserve so that if no donation is received from SBCL or the expenditure budget is exceeded and there are funds to cover the support costs. It has been agreed to build up a contingency fund for use on improving Keep House, which is owned by the Charity.

Financial Controls

The Financial Controls Policy, which also includes the delegation of authority and segregation of duties, is reviewed annually. The Trustees consider that the procedures and systems in place are robust and are followed diligently by all parties concerned.

PLANS FOR THE FUTURE

Going Concern

The Scott Bader Commonwealth relies on surpluses generated by its wholly owned trading subsidiary companies to be able to carry out its grant-giving activity and meet its charitable objectives and does not undertake any fundraising activities with the public.

With the continuing global uncertainty around COVID-19 impacting the global economy, the impact on Scott Bader cannot be quantified. However, the Group successfully navigated through 2020 and has experienced a strong start to 2021, with the first two months of the year delivering a Profit Before Tax of over £1.2m.

During this challenging period the Group Leadership Team (GLT) has generated forecasts to June 2022 under a variety of scenarios. On the basis of these forecasts, the Directors remain confident that the Group will be sufficiently well capitalised for the foreseeable future. Based on recent results and current forecasts, management have been able to conclude that the outlook for the Scott Bader Group remains positive, which in turn will support Scott Bader Commonwealth.

Constitution Review

As stated, it has been agreed by the three Group Governance Bodies to conduct a review of the Constitution to help improve and simplify the overall Governance of Scott Bader, and for the long-term benefit of colleagues and the business. The process started in 2020 with the setting up of steering and implementation groups. There are high hopes for a root and branch examination in the forthcoming Centenary year.

Centenary Celebrations

During 2021 Scott Bader will celebrate its centenary year and 70 years as a Commonwealth. A wide variety of celebratory activities are being planned and as part of these celebrations 'colleagues worldwide will be invited to reaffirm their obligations as trustees-in-common and their commitment to the principles on which the Commonwealth was founded and to accept that the continued development of the Commonwealth and future of Scott Bader is the responsibility of us all.

Community Projects and Partnerships

To extend its strategic, objective, and charitable activities in Northamptonshire, the Commonwealth Board will now work with the local community to develop projects and partnerships to further utilise Keep House. Where appropriate, cross sector partners will be engaged to maximise project opportunities, scale, and collective impact.

Independent auditors

RSM UK Audit LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

In so far as the Trustees are aware:
There is no relevant audit information of which the charitable company's auditor is unaware; and
The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' and officers' liability insurance

The Trustees (who are also directors of The Scott Bader Commonwealth Limited for the purposes of company law) are insured against the costs of successfully defending any actions brought for negligence in the performance of their duties as Directors.

The Board of Trustees approved this report and, the Strategic Report in their capacity as directors on 19 April 2021.

Signed on behalf of the Trustees by:

Robert Gibson
Trustee

Jessica Clark
Trustee

Trustees' responsibilities statement

The Trustees who are also the directors of the Scott Bader Commonwealth Limited (for the purpose of company law) are responsible for preparing the Trustees' Report including the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Company and charity law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company and charity law the Trustees 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 group and the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the group and the charitable company for that period.

In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice (SORP);
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SCOTT BADER COMMONWEALTH LIMITED

Opinion
We have audited the financial statements of The Scott Bader Commonwealth Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Group and Charity Statement of Financial Activities incorporating an income and expenditure account, the Group and Charity Balance Sheets, the Group Cash Flow Statements and notes to the financial statements, including 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 the parent charitable company's affairs as at 31 December 2020 and of the group's incoming resources and application of resources, including its income and expenditure, 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 group and parent charitable 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the Report of the Trustees other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Report of the Trustees. 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.

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

We have nothing to report in this regard.

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 Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees
As explained more fully in the Statement of Trustees' responsibilities set out on page 14, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the group's and parent charitable 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 trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

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

The extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operate in and how the group and parent charitable company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

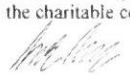
As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the parent charitable company's governing document and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety and environmental compliance. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected reports produced by the Group HSE & Sustainability Manager.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgements and estimates.
All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the consolidated financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our group audit approach.

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

Use of our report
This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



GARETH JONES (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

21 April 2021

THE SCOTT BADER COMMONWEALTH LIMITED

GROUP AND CHARITY STATEMENTS OF FINANCIAL ACTIVITIES (incorporating an income and expenditure account)

For the year ended 31 December 2020

		Group		Charity	
		2020	2019	**2020**	2019
	Notes	**£'000**	£'000	**£'000**	£'000
Income from:					
Other trading activities:					
Commercial trading operations		**197,342**	218,386	**-**	-
Donation		**-**	-	**795**	340
Rental income		**21**	-	**24**	-
	4	**197,363**	218,386	**819**	340
Investment income	5	**253**	534	**4**	3
Total income		**197,616**	218,920	**823**	343
Expenditure on:					
Raising funds:					
Commercial trading operations	6	**(184,600)**	(211,167)	**-**	-
Charitable activities	9	**(259)**	(241)	**(330)**	(337)
Total expenditure		**(184,859)**	(211,408)	**(330)**	(337)
Net income excluding joint venture income		**12,757**	7,512	**493**	6
Share of net income from joint ventures		**188**	186	**-**	-
Net income before tax for the financial year		**12,945**	7,698	**493**	6
Tax payable	10	**233**	(1,195)	**-**	-
Net income		**13,178**	6,503	**493**	6
Other recognised gains / (losses):					
Actuarial gain/(loss) on defined benefit pension	22	**4,018**	(902)	**-**	-
Change in value of hedging instrument		**14**	2	**-**	-
Currency translation differences		**(358)**	(1,686)	**-**	-
Deferred tax on other recognised gains and losses		**(756)**	166	**-**	-
Net movement in funds		**16,096**	4,083	**493**	6
Total funds brought forward	24	**91,158**	87,075	**1,390**	1,384
Total funds carried forward	24	**107,254**	91,158	**1,883**	1,390

The accompanying accounting policies and notes form an integral part of these financial statements.

THE SCOTT BADER COMMONWEALTH LIMITED

GROUP AND CHARITY BALANCE SHEETS

At 31 December 2020

	Notes	Group 2020	Group 2019	Charity 2020	Charity 2019
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible fixed assets	12	**418**	293	-	-
Tangible fixed assets	13	**41,615**	40,658	-	-
Investment property	15	**525**	525	**525**	525
Interests in joint ventures	14/15	**615**	581	-	-
		43,173	42,057	**525**	525
Current assets					
Stocks	16	**19,843**	18,162	-	-
Debtors	17	**40,531**	39,810	**1,135**	709
Cash at bank and in hand		**40,665**	27,666	**265**	186
		101,039	85,638	**1,400**	895
Current liabilities					
Creditors: amounts falling due within one year	18	**43,438**	37,060	**42**	30
Net current assets		**57,601**	48,578	**1,358**	865
Total assets less current liabilities		**100,774**	90,635	**1,883**	1,390
Creditors: amounts falling due after more than one year	19	**1,993**	2,311	-	-
Provisions	21	**6,735**	7,355	-	-
		8,728	9,666	-	-
Net assets excluding pension asset		**92,046**	80,969	**1,883**	1,390
Pension asset	22	**15,208**	10,189	-	-
Net assets		**107,254**	91,158	**1,883**	1,390
Reserves:					
General reserve funds					
Unrestricted income funds	24	**106,722**	90,563	**1,366**	873
Designated funds					
Revaluation reserve	24	**532**	595	**517**	517
		107,254	91,158	**1,883**	1,390

The financial statements on pages 17 to 48 were approved by the board of Trustees on 19 April 2021 and signed on their behalf by

Robert Gibson
Trustee

Jessica Clark
Trustee

Company number: 496082
The accompanying accounting policies and notes form an integral part of these financial statements.

THE SCOTT BADER COMMONWEALTH LIMITED

GROUP CASH FLOW STATEMENT

For the year ended 31 December 2020

	Notes	£'000	2020 £'000	£'000	2019 £'000
Net cash provided by operating activities	**25**		**19,622**		17,320
Taxation paid			**(514)**		(1,110)
Net cash generated from operating activities			**19,108**		16,210
Cash flows from investing activities					
Purchase of tangible assets		**(5,681)**		(4,857)	
Purchase of intangible assets		**(208)**		-	
Proceeds from disposals of tangible assets		**43**		(5)	
Proceeds from sale of intangible assets		**-**		(30)	
Dividends received from joint ventures		**56**		44	
Interest received		**41**		101	
Net cash used in investing activities			**(5,749)**		(4,747)
Cash flows from financing activities					
Receipts from bank loan facilities		**51**		-	
Repayment of obligations under finance leases		**-**		(5)	
Repayment of bank loans		**(451)**		(349)	
Interest paid		**(95)**		(86)	
Net cash used in financing activities			**(495)**		(440)
Net increase in cash and cash equivalents			**12,864**		11,023
Effect of exchange rates on cash and cash equivalents			**135**		(404)
Cash and cash equivalents at the beginning of the year			**27,666**		17,048
Cash and cash equivalents at the end of the year			**40,665**		27,666
Cash and cash equivalents consist of:					
Cash at bank and in hand			**40,665**		27,666
Cash and cash equivalents at the end of the year			**40,665**		27,666

The accompanying accounting policies and notes form an integral part of these financial statements.

1. STATEMENT OF COMPLIANCE

Scott Bader Commonwealth Limited is a private company, limited by guarantee, incorporated in England and Wales and domiciled in England. The company number is 496082 and the registered office is Wollaston Hall, Wollaston, Wellingborough, Northamptonshire, NN29 7RL.

The financial statements have been prepared in compliance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The charitable company constitutes a public benefit entity as defined by FRS102.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Reduced disclosures

In accordance with FRS 102, the Charity has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.

Going Concern

When assessing the going concern principle for the Commonwealth, considerations of the Trustees include, but are not limited to the following in relation to SBCL; the Financial position of the Group as at 31st December 2020, the cash position as at 28th February 2021, the projected cashflows and the availability and headroom of the financing facilities across the group.

During the first quarter of 2021 to date, the Group has experienced results in-line with expectations despite continued headwinds as a result of Brexit implementation, supply chain disruptions and continued restrictions as a result of COVID-19.

During this challenging period the Group Leadership Team (GLT) has generated forecasts to 30th June 2022 under a variety of scenarios, and these include particularly prudent, worst case assumptions. On the basis of these forecasts, the Trustees remain confident that the Group will be sufficiently well capitalised for the foreseeable future.

Having considered the financial forecasts, and despite the anticipated macroeconomic downturn as a result of COVID-19, the Trustees are confident that the Scott Bader Group, and therefore the Commonwealth, remains a going concern, and that the results within this document represent a true and fair view of the position of the Group.

Group financial statements and basis of consolidation

These financial statements consolidate the results of the Charity and all its subsidiary undertakings made up to 31 December 2020.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures.

In the group financial statements, joint ventures are accounted for using the equity method.

2. ACCOUNTING POLICIES (CONTINUED)

Group financial statements and basis of consolidation (continued)
Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

Foreign currency
(i) Functional and presentation currency
The Group financial statements are presented in pound sterling and rounded to thousands.
The Charity's functional and presentation currency is the pound sterling.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.
Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(iii) Translation
The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net assets and from the translation of the profits or losses at average rates are included in other recognised gains and losses.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity.

(i) Sale of goods
The risks and rewards of ownership of goods are deemed to have been transferred when the goods are shipped to, or picked up by the customer.

(ii) Interest income
Interest income is recognised using the effective interest rate method.

(iii) Rental income
Rental income is recognised on a straight line basis over the life of the rental period.

(iv) Royalty income
Income from royalties is accounted for on an accrued basis

(v) Voluntary income
Voluntary income including donations, gifts and grants that provide core funding or of a general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

2. ACCOUNTING POLICIES (CONTINUED)

Exceptional items
The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

Employee benefits
The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

(i) Short term benefits
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans
The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

(iii) Defined benefit pension plan
The Group operates a defined benefit plan for certain UK employees. This scheme was closed to future accrual from 1 April 2006. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other recognised gains and losses. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:
(a) the increase in pension benefit liability arising from employee service during the period; and
(b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Interest payable and similar charges'.

(iv) Other retirement benefits
Scott Bader France is required by French law to provide a lump sum to employees on retirement, based on length of service with the employer. The provision is calculated according to French government assumptions of life expectancy and a standard discount rate. The provision is applied to those employees with less than 15 years until retirement because it is assumed that some employees will leave before reaching retirement age.

(v) Annual bonus plan
The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

2. ACCOUNTING POLICIES (CONTINUED)

Government grants
Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Taxation
Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items in other recognised gains and losses. In this case tax is also included in other recognised gains and losses.

Current or deferred taxation assets and liabilities are not discounted.
(i) Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

(ii) Deferred tax
Deferred tax arises from timing differences that are differences between taxable profits and total net income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Business combinations and goodwill
Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 5 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Intangible assets
Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, of up to 10 years, in line with the Director's assessment of the beneficial period.

2. ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets and depreciation
Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives.

(i) Land & buildings
Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

Leasehold properties are amortised in equal instalments over the lesser of the unexpired term of the relevant lease or fifty years, except that premiums paid or receivable on the acquisition of leasehold properties applicable to rental benefits are written off over the period to the first open market rent review.

(ii) Plant and machinery and fixtures, fittings, tools and equipment
Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation and residual values
Land is not depreciated. Depreciation on other assets is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

Freehold buildings	50 years
Short leasehold land and buildings	over the lease period
Plant and equipment	3-20 years
Motor vehicles	4-5 years

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Leased assets
At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Finance leased assets
Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

(ii) Operating leased assets
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(iii) Lease incentives
Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

2. ACCOUNTING POLICIES (CONTINUED)

Investments
Charity Investment in subsidiaries and joint ventures are held at cost less accumulated impairment losses. Group Investments in joint ventures are stated in the group balance sheet at the group's share of their net assets. The group's share of profits less losses of joint ventures is included in the group statement of financial activities.

Stocks
Stocks are stated at the lower of cost and estimated selling price less costs to sell. Stocks are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition. The cost of manufactured finished goods includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity).

At the end of each reporting period stock are assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

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

Provisions and contingencies
(i) Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

In particular:
(a) Restructuring provisions are recognised when the Group has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and
(b) Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

(ii) Contingencies
Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when
(a) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date; or
(b) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the likelihood of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Financial instruments
The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets
Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where

2. ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)
the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial assets are derecognised when
(a) the contractual rights to the cash flows from the asset expire or are settled, or
(b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or
(c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities
Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement, in which case they flow through Other Comprehensive Income.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting
Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Research and development costs
Expenditure on research and development is written off as incurred.

Fund accounting
General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.
Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. If applicable, the aim and use of each designated fund is set out in the notes to the financial statements.
All funds are general except for the revaluation of property reserve which is a designated fund.

Resources expended
Expenditure is recognised when a liability is incurred. Contractual arrangements are recognised as goods or services are supplied. Other payments are recognised when a constructive obligation arises that results in the payment being unavoidable.

2. ACCOUNTING POLICIES (CONTINUED)

Resources expended (continued)

- Costs of generating funds are those costs incurred in trading activities that raise funds.
- Charitable activities include expenditure associated with the Commonwealth.
- Governance costs include those incurred in the governance of the Charity and its assets and are primarily associated with constitutional and statutory requirements.
- Charitable donations and grants are accounted for in the year of payment or when approved and the recipient has been informed in writing that the donation is to be made unconditionally, albeit that payment may be in a following accounting period. Where it has been agreed to make such unconditional donations or grants to charity in future years this is included in the accounts as a liability.

Investment property

Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure. Investment properties are carried fair value with changes in fair value being recognised in profit or loss.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Impairment of debtors (note 17)

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

(ii) Provisions (note 21)

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

(iii) Defined benefit pension scheme (note 22)

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, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

4. ANALYSIS OF TOTAL INCOME

	Note	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
External turnover of Scott Bader Company Limited and its subsidiaries		**196,700**	218,295	-	-
Other operating income of Scott Bader Company Limited and subsidiaries		**-**	91	-	-
Government grants*		**642**	-	-	-
Rental income		**21**	139	**24**	-
Investment income	5	**253**	395	**4**	3
Donation from Scott Bader Company Limited		**-**	-	**795**	340
		197,616	218,920	**823**	343

* Across the Group, payments from government to compensate employers for part of the staff costs of employees placed on furlough, or similar such schemes, amounted to £642,000. Where possible, these amounts will be repaid in the first half of 2021, in line with the ethos of the Group.

5. INVESTMENT INCOME

	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Interest receivable and similar income	**253**	395	**4**	3
	253	395	**4**	3

6. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Staff costs (including related costs)	**37,656**	37,039	-	-
Other trading costs	**146,944**	174,128	-	-
	184,600	211,167	-	-

7. NET INCOMING RESOURCES

Net incoming resources is stated after charging or (crediting) the following items:	Group 2020 £'000	Group 2019 £'000
Research and development	**3,250**	3,249
(Profit)/Loss on disposal of tangible assets	**(9)**	131
Impairment of trade receivables	**(42)**	422
Impairment of inventory	**21**	(23)
Operating lease charges	**1,377**	1,046
Foreign exchange (gain)/loss	**(43)**	892
Auditors' remuneration:		
Fees payable to the Charity's:		
- for the audit of the Charity's financial statements	**20**	45
- for the audit of the Charity's subsidiaries	**178**	105
Fees payable to other component auditors for the audit of the Charity's subsidiaries	**-**	10
Other non-audit fees	**21**	4

8. INTEREST AND SIMILAR ITEMS

Interest payable and similar charges:	Note	**2020**	2019
		£'000	£'000
Interest expense on bank loans and overdrafts		**92**	99
Interest expense on other loans		**4**	2
Total interest expense on financial liabilities not measured at fair value through profit/ loss		**96**	101
Net interest expense on post-employment benefits	22	**-**	294
Total interest payable and similar charges		**96**	395

9. EXPENDITURE ON CHARITABLE ACTIVITIES

The Scott Bader Commonwealth Limited has a policy of making grants to organisations and not individuals. Information about the charitable donations (grants) made by The Scott Bader Commonwealth Ltd is given below. As advised earlier in the report, funds are made available to all the companies in the Scott Bader Group (proportionate to the number of people employed at each location). Via small Charity committees (if they choose) they then submit applications via the grant management tool OPTIMY, which was introduced to simplify and streamline the grant making process.

The Trustees are aware that some locations prefer to support the same charities year on year, but consider it is acceptable to form long term relationships with the charities that they consider are looking after the welfare of those less fortunate in the communities where they operate.

	2020 £'000	2019 £'000
Commonwealth Community Hardship Fund **£1,300 – Action In Africa** – Providing COVID-19 PPE equipment and a radio campaign to educate about COVID-19 in Nyaishozi in the Kagera district of Tanzania. **£1,000 – African Children's Fund** – To fund care packages including food and sanitary supplies for families in the Thika Community in Kenya; **£2,607 – Aid Africa**– To fund 7.5 tonnes of maize providing food for 100 families in Malawi; **£1,000 - Changing Life Organisation** – To provide a COVID-19 education programme in Georgedale and Hammarsdale, South Africa.; **£3,859 – Concern Worldwide** – To support the long-term socio economic recovery from COVID-19 in Central African Republic reaching 1,700 individuals through cash for work activities; **£3,000 – Daylight Centre Fellowship** – Supports Northamptonshire emergency food aid project with 3000 meals; **£5,058 – Edukaid** – To fund the materials for construction of 6 permanent handwashing stations in schools in Tanzania; **£4,925 – Family Support Link, Northamptonshire** - To fund a support nurse for 7.5 hours a week for families who have a loved one with drug and alcohol issues; **£10,000 – Frank Water Projects** - WASH project in India; **£7,495 – Feeding America** - Providing food for vulnerable people.; **£4,374- Hope For Justice** – Rehabilitation programme for sex trafficking victims.; **£5,250 - Karen Hilltribes Trust-** Provide meals for marginalised children in Thailand.; **£5,605 - Kids Out-** Funding toy boxes and food vouchers for victims of domestic violence.; **£5,000- Livingstone Tanzania Trust** - WASH project in Tanzania.; **£3,900- Makhad Trust-** Fund solar powered well pumps in Egypt,; **£4,000 - Phoenix Foundation** – Supporting homeless people to return to mainstream society.; **£4,000 - Practical Tools Initiative-** Providing mobility aids, tools and food to vulnerable families.; **£4,000 – Rushden MIND, in Northamptonshire** – Supporting Speak Up project.; **£5,000- Taste-** WASH project.; **£2,000 – Trust for Rehabilitation of Paralysed** – Supporting vulnerable and disabled people in Bangladesh during COVID-19.; **£9,510 – Wollaston School, Northamptonshire** – Providing laptops for remote learning – **£4,000 - Thanda UK** – Providing nutrient-dense food parcels on South Coast of Kwazulu-Natal	**96.9**	
UK Donations via UK Nomination Scheme –whereby colleagues nominate a charity of their choice to receive a donation	**14.0**	36.2
Small donations to support small local charities with their fund-raising activities	**0.4**	1.2
£4,600- Acorn Early Years Foundation, Northamptonshire – Support outdoor classroom development for pre-school in Northamptonshire; **£4,000 – East Northants Community Services, Northamptonshire** - Refurbishment of the night shelter in Rushden; **£3,400 – Northampton Saints Foundation** – To fund the kit for the Engage programme working with children struggling to stay in mainstream education ; **£1,200- Northamptonshire Association for the Blind, Northamptonshire** – Providing Hi-Viz jackets and beanie hats to support partially sighted people across Northants who have been isolated due to COVID-19; **£4,000 – Oakfield Easton Maudit, Northamptonshire** - Supporting adults with learning difficulties.; **£4,375 – Serve** – Funding towards a befriending service.; **£3,650- Stand Against Violence** - Funded 43 violence prevention workshops in Northamptonshire,; **£2,450- Stand Out Northamptonshire-** Support deliverance of 70 intervention sessions for looked after children and care leavers.; **£1,500 - Tall Ships Youth Trust, Northamptonshire** – To fund 10 vulnerable young people to sail and learn life skills.; **£3,724- The Lewis Foundation, Northamptonshire** - Providing 6 months of care packages to adult cancer patients in Kettering and Northampton hospitals.; **£4,000- The Lowdown, Northampton** – To fund a sexual health nurse 1 day a week for young people in Northamptonshire,; **£1,200- Wildlife Trust BCN** – To fund PPE and consumables for Nene Wetlands project.	**38.1**	8.3
DUBLIN **£3,300- Barnardo's - Funding** towards their essential everyday food and support programme from their Mulhuddart Centre.	**3.3**	1.4

FRANCE Small donations to support small local charities. **£5,435 –Senegal** -Towards access to education for children; **£2,000 - Les Restaurants de Coeur-** Providing food for vulnerable people.; **£4,450 - Relais Social**- Provide workshops to help overcome isolation; **£2,500 -Secours Populaire** – Providing fresh food for the vulnerable in Amiens; **£5,615 – La Bonne Case** – To fund construction of a pig-sty at an orphanage in Cameroon to provide food.	**1.0** **20.0**	1.0 15.9
CROATIA **£2,934 –International Association of Natural Health -** to support children with psychophysical disabilities with natural remedies. **£4,680 – Mali Zmaj**– - funding for children of families registered with the charity to pay for school trips.; **£4,680 – Udruga Jak kao Jakov** - To support children suffering with malignant diseases and their socially deprived families; **£2,000 - Udruga Za Promicanje Kvalitete Zivota – Pilatesom Do Boljeg Zdravlja** - equipment needed for Pilates based exercises for people with MS.	**14.3**	13.0
SOUTH AFRICA **£1,500- Barney and Friends Early Childhood Development** - Towards the costs of renovating the outside shelter, paving and toilets; **£2,000 – Christel House SA** – To fund appropriate hygiene measures being put into place in a school in Cape Town.; **£1,500- Food Forward SA-** Towards the general running costs of the Charity that addresses widespread hunger in SA.; **£1,300- Global Vision International** – Providing reusable sanitary pads. **£2,000- Hammarsdale and Cato Ridge Development Programme** – Raising the profile of Small medium and micro enterprises on the Cato Ridge. **£1,500- Khulani Creche** – renovation of the building and toilets **£1,500- Siyabanakekla Creche -** towards extending classrooms and purchasing equipment. **£2,000- The Love Ones of God Family Care Centre** – developing the central kitchen. **£2,000- Wings of Inspiration** – Providing school uniform, stationery, and food parcels for disadvantaged families.	**15.3**	14.1
DUBAI **£2,160 – Help In Need -** providing a safe and secure learning environment; **£2,160 – MAAN Education Health and Development** – Supporting the reopening of public schools after COVID-19; **£2,160 – Naya Qadam** – Building sustainable prosthetic limbs and providing them to vulnerable people; **£2,160 – Rainbow Centre Sri Lanka** – Extending the dining Hall; **£2,160 – Read Foundation** – Providing books and equipment for the library; **£2,160- Ruchika Social Service-** Setting up techno-based skilling for slum youths,; **£2,160- SOS Childrens Village-** Supporting children who have lost a parent	**15.1**	13.5
SWEDEN **£3,100 - Barncancerfonden** providing children with cancer a Christmas gift	**3.1**	0.7
CZECH REPUBLIC **£1,000 – Helppes Centrum -** towards training an assistance dog; **£900 - Nadace Jedlickova ustavu** - Barrier Free Transport project for children in wheelchairs to school; **£1,600- Czech Blind United**- operational costs for blind and partially sighted people	**3.5**	0.9
SPAIN **£2,450 – Hospital Universitari de Bellvitge** – providing PPE during COVID pandemic	**2.5**	0.4
GERMANY **£2,200 – Doctors Without Borders-** Providing global and humanitarian aid	**2.2**	0.4

CHINA **£4,700 Shanghai Charity Foundation** – Art therapy for autistic children	**4.7**	1.4
USA **£2,970** a nomination scheme similar to the one in the UK operates for the people in Ohio the remaining **£2,230** was divided between local foodbanks	**5.2**	3.0
CANADA Shared equally between 5 charities - **Foundation de la Tablée Populaire**- Providing meals for the disadvantaged in Drummondville; **Foundation Rene Verrier**- Towards improving healthcare and palliative care services in Drummondville; **Foundation Le Tremplin**- Providing video capsules promoting education and healthy lifestyles, **Centre d'ecoute et de prevention au suicide**- Towards a marketing campaign to decrease mental health issues in Drummonville, **Comptior Alimentare** – Towards adding resource to reach more beneficiaries to alleviate hunger in Drummondville.	**6.7**	4.6
President's Fund £5,000 to the Victoria Centre, Wellingborough, £500 to the Daylight Centre, Wellingborough. The remaining £2,000 was split equally between Bolivian Quaker education fund, British Pugwash Group, Peacechild International, Positive News Trust, Quaker Peace and Social Witness, Quaker Homeless Action, Ghandi Foundation and Wollaston Heritage Society	**7.5**	7.5 -
Restricted Fund	-	-
Prior Year Grants		
Livingstone Tanzania Trust	-	25.0
Send a Cow	-	25.0
TASTE	-	25.0
Ace Africa	-	25.0
Small international grants	-	12.3
Total direct charitable expenditure	**253.8**	235.8
Governance cost	**5.0**	5.0
Total direct charitable expenditure	**258.8**	240.8

The audit fees of the Charity itself are paid by Scott Bader Company Limited.

10. TAXATION

The Commonwealth is registered as a Charity and as such is exempt from Corporation Tax. However tax is payable by Scott Bader Company Limited and its subsidiaries.

a) Tax expense included in profit or loss	**2020**	2019
	£'000	£'000
Current tax:		
– UK Corporation tax on profits for the year	**602**	243
– Foreign corporation tax on profits for the year	**1,325**	628
– Adjustment in respect of prior periods	**(1,671)**	72
Group current tax	**256**	943
Share of joint ventures' current tax	**-**	54
Total current tax	**256**	997
Deferred tax:		
– Origination and reversal of timing differences	**(340)**	248
– Adjustment in respect of prior periods	**(149)**	4
Group and total deferred tax	**(489)**	252
Group current tax	**256**	943
Group deferred tax	**(489)**	252
Group tax on profit on ordinary activities	**(233)**	1,195

b) Tax expense included in other comprehensive income	**2020**	2019
	£'000	£'000
Deferred tax:		
– Origination and reversal of timing differences	**(756)**	166
Total tax expense included in other comprehensive income	**(756)**	166

10. TAXATION (CONTINUED)

(c) Reconciliation of tax charge

The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK 19% (2019: 19%). The differences are explained below:	**2020**	2019
	£'000	£'000
Total net income before tax for the financial year	**12,945**	7,698
Profit on ordinary activities at standard rate of corporation taxation in the UK: 19% (2019: 19%)	**2,460**	1,463
Effects of:		
Foreign subsidiary profits within zero tax rate regime	**(1,013)**	(1,086)
Other adjustments in respect of foreign tax rates	**394**	136
Expenses / (Income) not deductible for tax purposes	**1**	221
Unrecognised deferred tax	**(280)**	426
Withholding tax suffered	**7**	1
Group Relief (UK only)	**-**	(16)
Prior year adjustment	**(1,802)**	50
Group tax on profit on ordinary activities:	**(233)**	1,195

The overall tax credit includes a one-off prior year adjustment relating to the release of the Permanent Establishment provision [as per note 21]. Excluding this one off prior-year adjustment, the effective rate of tax is 9.5% (2019: 16%).

11. ANALYSIS OF STAFF COSTS

The Commonwealth does not employ any staff. The staff costs of SBCL are detailed below:

	2020	2019
	£'000	£'000
Wages and salaries	**24,446**	24,742
Staff bonuses	**3,288**	2,683
Other staff benefits	**2,993**	3,153
Social security costs	**3,465**	3,443
Pension costs - payments to defined contribution schemes	**1,906**	1,919
Other retirement provisions	**403**	182
Redundancy	**1,155**	917
	37,656	37,039

Expenses reimbursed to the Trustees in the year £1k (2019: £4k), relating to travel and subsistence for 4 Trustees (2019: 4).

The directors of the Charity do not receive remuneration in their role as directors of the Company. Employee elected directors receive remuneration for their operational roles in the Scott Bader Group company that they are employed, with the amount received noted below for their period as Trustee:

	2020	2019
	£'000	£'000
Basic Salary	**154**	114
Pension contributions and other benefits	**34**	22
Bonuses	**12**	5
	200	141

11. ANALYSIS OF STAFF COSTS (CONTINUED)

The employee benefits of key management personnel of the Group were £1,770k (2019: £2,509k). This includes SBCL directors' remuneration. Key management personnel are defined by their involvement within the Group Leadership Team (GLT) and therefore involved in day to day decision making of the group strategy.

The number of employees whose total employee benefits exceeded £60,000 during the year for the charitable group was:

	2020 Number	2019 Number
£60,001 - £70,000	**34**	32
£70,001 - £80,000	**21**	23
£80,001 - £90,000	**12**	13
£90,001 - £100,000	**15**	12
£100,001 - £110,000	**7**	13
£110,001 - £120,000	**11**	10
£120,001 - £130,000	**4**	6
£130,001 - £140,000	**3**	3
£140,001 - £150,000	**2**	1
£150,001 - £160,000	**-**	3
£160,001 - £170,000	**2**	2
£170,001 - £180,000	**1**	1
£190,001 - £200,000	**-**	2
£200,001 - £210,000	**-**	1
£210,001 - £220,000	**-**	1
£250,001 - £260,000	**1**	-
£260,001 - £270,000	**-**	2
£280,001 - £290,000	**-**	-
£290,001 - £300,000	**1**	-
£320,001 - £330,000	**1**	-
£360,001 - £370,000	**-**	1
	115	126

The average number of persons employed during the period by geographical area was as follows:

	2020 Number	2019 Number
UK and Eire	**289**	310
Continental Europe	**198**	191
Rest of World	**207**	197
	694	698

The average number of persons employed by the Group by activity was as follows:

	2020 Number	2019 Number
Administration	**82**	96
Research & Development *	**47**	86
Manufacturing & Distribution	**437**	405
Sales & Marketing	**128**	111
	694	698

* An organisational review in 2020 identified 41 roles within the Technical Services team which were reclassified to the Sales and Marketing function from the Research and Development function.

12. INTANGIBLE FIXED ASSETS

Group	Goodwill £'000	Technology £'000	Total £'000
Cost at 1 Jan 2020	1,355	959	2,314
Additions	101	107	208
Cost at 31 Dec 2020	**1,456**	**1,066**	**2,522**
Accumulated Amortisation at 1 Jan 2020	1,062	959	2,021
Charge for the year	83	-	83
At 31 Dec 2020	**1,145**	**959**	**2,104**
Net book value			
At 31 Dec 2020	**311**	**107**	**418**
At 31 Dec 2019	293	-	293

13. TANGIBLE FIXED ASSETS

Group	Land and Buildings		Plant and equipment	Motor vehicles	Total
	Freehold £'000	Short leasehold £'000	£'000	£'000	£'000
Cost or valuation:					
At 1 Jan 2020	**33,392**	**4,396**	**76,537**	**571**	**114,896**
Additions	1,187	418	4,208	62	5,875
Disposals	-	(2)	(15)	(153)	(170)
Difference on exchange	688	(131)	858	(4)	1,411
At 31 Dec 2020	**35,267**	**4,681**	**81,588**	**476**	**122,012**
Accumulated Depreciation:					
At 1 Jan 2020	**16,873**	**2,307**	**54,634**	**424**	**74,238**
Charge for the year	1,020	223	4,039	45	5,327
Disposals	-	-	-	(137)	(137)
Difference on exchange	392	(83)	666	(6)	969
At 31 Dec 2020	**18,285**	**2,447**	**59,339**	**326**	**80,397**
Net book value					
At 31 Dec 2020	**16,982**	**2,234**	**22,249**	**150**	**41,615**
At 31 Dec 2019	**16,519**	**2,089**	**21,903**	**147**	**40,658**

Assets under the course of construction and on which depreciation has yet to commence is included in the cost of Plant & Equipment; £3,286k (2019: £2,090k) and Freehold Buildings; £Nil (2019: £87k). Freehold land of £1,523k (2019: £1,624k) is not depreciated.

14. SUBSIDIARY UNDERTAKINGS

The Commonwealth is the registered holder of the whole of the share capital of Scott Bader Company Ltd 100,000 shares of 50p each. Of these the Commonwealth holds 10,000 shares on behalf of the Guardian Trustees who have additional responsibilities to their role as Charity Trustees as set out in the Trustees' Report.

These 10,000 shares are referred to in the Articles of The Scott Bader Commonwealth Limited as Guardian Trustee Shares. Special voting rights in relation to these shares are exercised under Articles 27 and 68 of the Articles of Association of The Scott Bader Commonwealth Limited. These relate to any resolution to alter the Articles of Association of either The Scott Bader Commonwealth Limited or Scott Bader Company Ltd or to dispose of or direct the disposal of any shares in Scott Bader Company Limited.

The shares were given to the Commonwealth in 1951 and 1963 by Ernest Bader and his family in order to place Scott Bader Company Limited in common ownership where it would be directed and managed not only for the benefit of those working in the Company but also for the wider community and for future generations.

Since, under Article 10 of the Scott Bader Company Limited, the Commonwealth has no power to dispose of any of the shares it holds in Scott Bader Company Limited, the Trustee consider that no value should be attributed to them.

Subsidiary undertakings

The group holds 100% of the issued shares of all subsidiaries in the below table and, except where noted, these are held by the Company. None of the subsidiaries are listed on a recognised stock exchange and all have been included in the consolidation.

Company	Country of incorporation and principal country of operation	Company Registration Number	Nature of Business	Registered Office
Scott Bader UK Limited	Great Britain	4562724	Manufacturer of resins	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader SAS	France	631 720 497	Manufacturer of resins	65 Rue Sully, 80000 Amiens
Scott Bader Middle East Ltd (Incorporated in Jersey) [1]	United Arab Emirates	States of Jersey: Registration No.: 55367 JAFZA: Registration No.: 173909	Manufacture of resins	One The Esplanade, St Helier, Jersey, JE 3QA, Channel Islands
Scott Bader d.o.o. [2]	Croatia	80008643	Manufacture of resins	Radnička cesta 173 i, 10000 Zagreb
Scott Bader (Pty) Ltd[1]	South Africa	1993 000 466 07	Manufacture of resins	1 Lubex Road, PO Box 1539, Hillcrest 3650, Hammarsdale, Kwazulu Natal, South Africa
Scott Bader ATC Inc.	Canada	1168859909	Manufacturer of adhesives	2400, Canadien Street #303, Drummondville (Qc), J2C 7W3, Canada
Scott Bader Scandinavia AB[1]	Sweden	556399-5322	Distributor of resins	BOX 202, 31123 Falkenberg
Scott Bader Eastern Europe[1]	Czech Republic	250 45 580	Distributor of resins	Evropska 2588/33a, Dejvice, 160 00 Praha 6
Scott Bader Iberica SL[1]	Spain	ESB 62948450. Tomo 34949/Folio 0202	Distributor of resins	Avda. Corts Catalanes, 8, 08173 Sant Cugat del Valles-Barcelona
Scott Bader Inc [3]	USA	2310546	Distributor of resins	Registered Agent Solutions, Inc., 9E. Loockerman Street, Suite 311, Dover, DE 19901
Scott Bader (Shanghai) Trading Company Ltd	China	91310000664387 9063	Distributor of resins	Room2402, Hitch Palza 488 Wuning Road(South) Shanghai China

Scott Bader Japan KK	Japan	3020001128001	Distributor of resins	Nisso Bldg#18, Export Office#708, 3-7-18, Shin-Yokohama, Kohoku-ku, Yokohama, Kaagawa, Japan
Synthetic Resins Limited	Great Britain	282663	Intermediate holding company	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Boldhelp Limited	Great Britain	3793984	Intermediate holding company	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader Brazil Limited	Great Britain	8549866	Intermediate holding company	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader North America Inc[1]	USA	2310544	Intermediate holding company	Registered Agent Solutions, Inc., 9E. Loockerman Street, Suite 311, Dover, DE 19901
Scott Bader Community Fund Trustee Limited	Great Britain	01282834	Corporate trustee	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL
Scott Bader Australia Pty Ltd[1]	Australia	640312170	Distributor of resins	P.O.Box 1124 Bibra Lake, Western Australia 6965 Australia

[1] held by Synthetic Resins Limited, [2] held by Boldhelp Limited, [3] held by Scott Bader North America Inc

The Group's dormant companies have not been listed in the above table.

The group holds 80% of the issued shares of the subsidiary in the below table, held by the Company. This subsidiary is not listed on a recognised stock exchange.

Company	**Country of incorporation and principal country of operation**	**Company Registration Number**	**Nature of Business**	**Registered Office**
Polymer Mimetics Limited	Great Britain	12598928	Research	Wollaston Hall, Wollaston, Wellingborough, Northants, NN29 7RL

Polymer Mimetics Limited (12598928) has taken exemption under section 479A of the Companies Act 2006 ("The Act") from the requirement in the Act for their individual accounts to be audited. The guarantee given by Scott Bader Company Limited under Section 479A of the Act guarantees all outstanding liabilities of Polymer Mimetics Limited at 31 December 2020 until those liabilities are satisfied in full.

Joint Ventures

Company	**Country of incorporation and principal country of operation**	**Registered Office**
Novascott Especialidades Quimicas Ttda (JV) [1]	Brazil	Rodovia Gobernador Mario Covas, no 600, sala 48, Lote Tabajara, Serra do Anil, CEP 29.147-030, City of Cariacisa/ES, Brazil
Satyen Scott Bader LLP (JV) previously Satyen Scott Bader Private Limited	India	307, A-Z Industrial Premises G K Marg, Lower Parel Mumbai Mumbai City MH 400013 IN

[1] shares held by Scott Bader Brazil Limited

All joint ventures manufacture and distribute compounded polyester resins and are 50% owned by the group, except where noted above these shares are held directly by the Company.

14. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Branches outside the UK
The Group and Company operate a branch based in Dublin, this is a sales only operation.

Subsidiary results	**2020**	2019
A summary of the results of the subsidiaries is shown below:	**£'000**	£'000
Turnover	**196,496**	218,294
Other operating income	**905**	257
Direct and indirect overheads	**(185,293)**	(211,358)
Group operating profit	**12,108**	7,193
Profit on sale of intangible fixed assets	**-**	-
Share of operating profit/ (loss) in joint ventures	**188**	186
Total operating profit: group and share of joint ventures	**12,296**	7,379
Interest receivable and similar income	**253**	395
Interest payable and similar charges	**(96)**	(83)
Profit before taxation on ordinary activities	**12,453**	7,691
Taxation on profit on ordinary activities	**233**	(1,195)
Profit for the financial year	**12,686**	6,496

A summary of the 2020 results of the key subsidiaries is shown below:	**SB UK**	**SB SAS**	**SB ME**
	£'000	**£'000**	**£'000**
Total Net Assets	**43,301**	**13,432**	**23,397**
Gross Turnover	**66,818**	**46,146**	**45,135**
Profit for the financial year	**4,081**	**2,013**	**5,336**

15. INVESTMENTS

	Group Joint Ventures		**Group and Charity Investment Property**	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Balance at 1 January	**581**	505	**525**	525
Share of profits retained	**188**	186	**-**	-
Dividend received	**(56)**	(44)	**-**	-
Difference on foreign exchange	**(98)**	(66)	**-**	-
Balance at 31 December	**615**	581	**525**	525

15. INVESTMENTS (CONTINUED)

Investment property historical cost: The investment property is owned by the charity:	**2020** **£'000**	2019 £'000
Cost at 1 January and at 31 December	**8**	8

The investment property was valued by an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued, Harwoods Chartered Surveyors & Estate Agents, in November 2018, on the basis of open market value. The valuation was arrived at by reference to the estimated amount for which the asset would be expected to exchange between two independent parties on an arms-length basis using available market evidence and local market knowledge.

16. GROUP STOCKS

	2020 **£'000**	2019 £'000
Raw materials and consumables	**7,240**	6,603
Finished goods and goods for resale	**12,603**	11,559
	19,843	18,162

There is no material difference between the balance sheet value of stock and its replacement cost.

17. DEBTORS

	Group		**Charity**	
	2020 **£'000**	2019 £'000	**2020** **£'000**	2019 £'000
Trade debtors	**37,218**	36,737	-	-
Amounts owed by group undertakings	-	-	**1,135**	709
Corporation tax recoverable	**472**	396	-	-
Other taxation recoverable	**448**	418	-	-
Other debtors	**1,152**	932	-	-
Prepayments and accrued income	**1,241**	1,327	-	-
	40,531	39,810	**1,135**	709

Amounts owed by Group undertakings are unsecured and are charged interest at rates based upon UK market rates.
Trade debtors are stated after provisions for impairment of £580k (2019: £938k).

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2020	2019	**2020**	2019
	£'000	£'000	**£'000**	£'000
Bank loans	**596**	554	**-**	-
Bank and other borrowings (note 20)	**596**	554	**-**	-
Trade creditors	**31,537**	26,316	**-**	-
Amounts owed to group undertakings	**-**	-	**41**	29
Bills of exchange payable	**229**	334	**-**	-
Corporation tax	**251**	409	**-**	-
Other taxation and social security	**2,025**	1,543	**-**	-
Other creditors	**633**	508	**1**	1
Accruals and deferred income	**8,167**	7,396	**-**	-
	43,438	37,060	**42**	30

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2020	**2019**
	£'000	£'000
Loans		
Within one to two years	**495**	461
Within two to five years	**1,112**	1,164
In five years or more	**284**	570
	1,891	2,195
Derivative financial instruments		
In five years or more	**102**	116
	1,993	2,311

20. LOANS AND OTHER BORROWINGS

Loans repayable, included within creditors, are analysed as follows:

	Group	
	2020	2019
	£000	£000
Due within one year or on demand		
Bank Loans and overdrafts	**596**	**554**
Due after more than one year		
Bank Loans and overdrafts	**1,891**	**2,195**
Total borrowings	**2,487**	**2,749**
Maturity of financial liabilities:		
In one year or less, or on demand	**596**	554
In more than one year, but not more than two years	**495**	461
In more than two years, but not more than five years	**1,112**	1,164
In more than five years	**284**	570
	2,487	2,749

	Group	
	2020	2019
Details of loans not wholly repayable within five years are as follows:	**£000**	£000
EURIBOR variable rate secured loans payable in quarterly instalments until July 2026	**244**	534
Loans with interest payable over 60 months	**40**	36
	284	570

£1,915k (2019: £2,088k) of Group borrowings are secured by fixed and floating charges over the Group's assets.

Other Group bank loans

Other bank loans includes loans from three French banks which are denominated in Euros and are all repayable by quarterly instalments with the final payments being due in July 2026. The initial total value of loans taken out in 2014 was €4,000,000 and as at 31 December 2020 the outstanding amount was €2,404,000 (2019:€2,404,000). They are all secured by a charge over the Group's trading subsidiary in France. These loans have variable rates and during 2020 they ranged from 1.16% to 2.94%.

An additional loan with a French bank was taken out in 2018 for €800,000 (€603,000 outstanding). This loan is payable in monthly instalments with the final payment due in August 2023. The loan is unsecured and the interest rate is fixed at 0.73%.

21. GROUP PROVISIONS FOR LIABILITIES

Group	Permanent Establishment £'000	Environmental £'000	Leaving Provisions £'000	Retirement Benefits £'000	Deferred Tax £'000	**Total £'000**
At 1 January 2020	1,581	450	1,976	1,901	1,447	**7,355**
Foreign exchange impact	-	-	(59)	52	835	**828**
Amounts charged to the profit and loss account	(1,331)	330	281	400	(600)	**(920)**
Amounts used during the year	(250)	-	(221)	(59)	2	**(528)**
At 31 December 2020	**-**	**780**	**1,977**	**2,294**	**1,684**	**6,735**

Permanent Establishment ('PE'):
The provision established in respect of an obligation under PE tax regulations to settle the taxation, interest and penalties thereon associated with subsidiaries' overseas business activities for the period prior to 31 December 2018. These legacy issues were resolved in 2020. As a result, £250,000 was utilised against payments made in respect of these prior periods, with the remaining balance of £1,331,000 released to the profit and loss through the Taxation on profit on ordinary activities line as the probability of additional payments is now considered low.

Environmental:
The environmental provision was originally established in Scott Bader Company Limited as a future payment for the required restitution of land when the relevant subsidiary companies vacate the premises currently occupied. The provision is expected to be utilised over 10 years although there is no intention to leave any of the affected sites. The initial provision has been estimated using the reports as provided by an independent third-party specialist. The additional analysis originally targeted for 2020 was delayed and is now expected to be performed during 2021 to validate the initial estimates.

Leaving provisions:
The leaving provision is established in Scott Bader Middle East as a payment based on local requirements when employees leave the business. The provision is expected to be utilised as current employees leave the business between 2020 and 2049.

Retirement benefits:
a) £1,422,000 (2019: £1,123,000) relates to 'quasi pension' commitments given to former employees.
The provision is expected to be utilised over the expected lives of the former employees and their spouses between 2020 and 2036.
b) £872,000 (2019: £778,000) relates to French statutory retirement benefits payable to France based employees of the Group. The provision is expected to be utilised between 2021 and 2033.

Deferred taxation:
The deferred tax liability consists of the following liabilities / (assets) :

	2020	2019
	£'000	£'000
Excess of capital allowances over depreciation	**1,893**	740
Short term timing differences	**(884)**	(782)
Revaluation of tangible assets	**3**	16
Post-employment benefits	**1,732**	1,732
Losses	**(1,060)**	(259)
	1,684	1,447

22. GROUP POST EMPLOYMENT BENEFITS

(a) Defined benefit scheme

For UK employees Scott Bader UK operates a defined benefit scheme with assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members' final salary. The plan is administered by an independent trustee, who is responsible for ensuring that the plan is sufficiently funded to meet current and future obligations.

The date of the most recent actuarial valuation as at 31 December 2019 revealed a funding shortfall of £4,101,000 (31 December 2016: shortfall of £13,560,000). If the Scheme is in deficit on a Technical Provisions basis calculated by the Scheme Actuary in accordance with the Scheme's Statement of Funding Principles dated June 2020 as at 1 July 2021, contributions into the Scheme will recommence at a level of £460,000 p.a. (£38,333.33 per month) for the period from July 2021 to December 2028 inclusive.

Contributions:

- £52,500 per month from January 2021 to July 2021.
- Potential £460,000 pa in respect of 1st July 2021 to 31st December 2028

In addition, the company has been making payments to an escrow account, and during 2020 it was agreed that a one of payment was made from the escrow account directly to the pension scheme for £421,667. Post this payment, contributions to the escrow account are currently suspended following the improvement in the Scheme's funding level at the 2019 actuarial valuation. This can be recommenced if the position deteriorates. For any remaining funds as at December 2028, the funds may either be returned to the company or paid to the pension fund depending on investment performance and the funding position in 2028.

The 31 December 2019 actuarial valuation figures have been updated to the balance sheet in order to assess the additional disclosures required under section 28 of FRS102 as at 31 December 2020. This update was done by an independent qualified actuary, using the following major assumptions:

	2020	2019
Rates of increase in salaries	**n/a**	n/a
Rate of increase in 5% LPI pensions in payment	**3.20%**	3.20%
Rate of increase in 5% LPI pensions with 3.5% underpin in payment	**3.80%**	3.80%
Rate of increase in pensions in deferment	**2.20%**	2.20%
Discount rate	**1.15%**	2.00%
Inflation assumption	**3.20%**	3.20%

Assumed life expectancies on retirement at age 60:		2020 Years	2019 Years
Retiring today	Males	**26.6**	26.5
	Females	**29.1**	28.9
Retiring in 10 years	Males	**27.2**	27.1
	Females	**29.9**	29.7

Reconciliation of scheme assets and liabilities:	Assets £'000	Liabilities £'000	Total £'000
At 1 January 2020	150,713	(140,524)	10,189
Remeasurement gains / (losses)			
- Experience gains on liabilities	-	3,329	3,329
- Changes to demographic assumptions	-	2,961	2,961
- Actuarial gain	-	(18,787)	(18,787)
- Return on plan assets excluding interest income	16,515	-	16,515
Net remeasurement gains	16,515	(12,497)	4,018
Benefits paid	(6,633)	6,633	-
Employer contributions	789	-	789
Interest income/(expense)	2,959	(2,747)	212
At 31 December 2020	164,343	(149,135)	15,208

No amounts (2019: Nil) were included in the cost of assets.

The fair values of the plan assets were:	2020 £'000	2019 £'000
Equities	**11,197**	14,569
Gilts and LDI funds	**119,400**	103,698
Corporate Bonds	**29,492**	26,921
Cash & net current assets	**4,254**	5,525
	164,343	150,713

(b) Defined contribution schemes

Following the closure of the defined benefit scheme in the UK to new entrants, all employees, in countries where the state pension provision is not considered sufficient, have the opportunity to benefit from a defined contribution scheme provide by their local employer.

	Group	
The amount recognised as an expense for these defined contribution schemes was:	**2020 £000**	2019 £000
Current period contributions	**1,906**	1,919

23. FINANCIAL INSTRUMENTS

	Notes	Group		Charity	
		2020 £000	2019 £000	**2020 £000**	2019 £000
- Derivative financial instruments	19	**(102)**	(116)	-	-

Group:

Derivative financial instruments – Interest rate swaps

The Group has entered into two interest rate swaps to receive interest at EURIBOR and pay interest at a fixed 1.46/1.49%. The two swaps are based on a principal amount of 3,500,000 EUR, equal to loans held with two French banks, and they mature in 2026/2027 on the same date as the bank loans to which they relate.

The instruments are used to hedge the Group's exposure to interest rate movements on the two bank loans. The fair value of the interest rate swaps is £(102k) (2019: £(116k)).

Cash flows on both the loan and the interest rate swaps are paid quarterly until 2026/2027. During the financial year a hedging gain of £14k (2019: £2k) was recognised in other comprehensive income for changes in the fair value of the interest rate swap.

24. ANALYSIS OF MOVEMENT IN FUNDS

GROUP	**Revaluation reserve (Designated Fund) £000**	**Unrestricted income funds £000**	**Total £000**
At 1 January 2019	659	86,416	87,075
Net movement in funds	-	4,083	4,083
Revaluation transfer	(64)	64	-
At 1 January 2020	595	90,563	91,158
Net movement in funds	-	16,096	16,096
Revaluation transfer	(63)	63	-
At 31 December 2020	**532**	**106,722**	**107,254**

Revaluation Reserve (Designated Fund)

Land and buildings and plant and equipment were re-valued at 29 December 1989. The Revaluation reserve is a designated fund meaning that the fund cannot be distributed unless the properties are sold or the Directors are first assured that the properties maintain at least their previous market value.

CHARITY	Revaluation reserve	Unrestricted income funds	Total
	£000	£000	£000
At 1 January 2019	517	867	1,384
Net movement in funds	-	6	6
At 1 January 2020	517	873	1,390
Net movement in funds	-	493	493
At 31 December 2020	**517**	**1,366**	**1,883**

25. NOTES TO THE CASHFLOW STATEMENT

a) Reconciliation of net incoming resources to net cash provided by operating activities

	2020	2019
	£'000	£'000
Net Income for the financial year	**13,178**	6,503
Interest payable	**(253)**	(395)
Interest receivable	**96**	83
Taxation	**(233)**	1,195
Share of operating profit in joint ventures	**(188)**	(186)
Loss on disposal of fixed assets	**9**	131
Depreciation and amortisation	**5,410**	5,072
Exchange difference	**(699)**	(712)
Contributions to UK defined benefit pension scheme	**(789)**	(630)
Movement in stocks	**(1,683)**	4,064
Movement decrease in debtors	**(671)**	6,461
Movement in creditors	**6,299**	(4,886)
Movement in provisions	**(855)**	620
Net cash provided by operating activities	**19,622**	17,320

b) Analysis of changes in net debt

Group	At 1 January 2020	Cash flows	At 31 December 2020
Cash and Equivalents:			
Cash	27,666	12,999	**40,665**
Borrowings:			
Borrowings - repayable within one year	(554)	(42)	**(596)**
Borrowings - repayable after one year	(2,195)	304	**(1,891)**
	(2,749)	262	**(2,487)**
Net Cash	24,917	13,261	**38,178**

26. GROUP CONTINGENT LIABILITIES

Group:
Pension Scheme Funding: Scott Bader Company Limited entered into a guarantee in March 2007 with Scott Bader Pension Scheme Trustees Limited whereby the Company guaranteed that the Scott Bader UK Limited pension scheme would be 105% funded on an S179 valuation should the principal employer, Scott Bader UK Limited, fail to fulfil its agreed obligations to the Pension Trustees.

27. GROUP CAPITAL AND OTHER COMMITMENTS

a) Contracts for future capital expenditure not provided in the financial statements – Property, plant and equipment	**Group 2020 £'000**	Group 2019 £'000
No expenditure has been incurred although contracts have been placed	**37**	690

b) future minimum lease payments under non-cancellable operating leases for each of the following periods:	**Group 2020 £'000**	Group 2019 £'000
Not later than one year	**1,294**	1,369
Later than one year and not later than five years	**3,179**	3,094
Later than five years	**1,962**	873
	6,435	5,336

The Commonwealth has no operating lease commitments at 31 December 2020.

28. RELATED PARTIES

Group
The Company has granted manufacturing licences to Satyen Scott Bader, one of the Group's joint ventures during the year. Revenue of £188k (2019: £186k) was recognised.

The Company received dividends from Novascott Especialidades Quimicas Ttda of £56k (2019: £44k), one of the Group's joint ventures, during the year.

The Company is owed £123k from Polymer Mimetics, one of the Group's subsidiaries.

Charity
The Commonwealth reimbursed SBCL, at cost, for management services provided in the year of £38k (2019: £27k). The net year end balance of money owed by SBCL to The Commonwealth was £1,095k (2019: £680k).

29. ACQUISITION

Acquisition of Summit Composites Pty Limited
On 19 June 2020, Scott Bader Australia Pty Limited ("SB Australia") acquired the assets of a composite product distribution business carried on by Summit Composites Pty Limited ("Summit") for a total purchase consideration of AUD$965,000 (£536,000), inclusive of transaction costs of AUD$61,000 (£34,000). This has been accounted for using the 'purchase method' as described under FRS 102 19.7.

In parallel, but by separate agreement, SB Australia purchased a freehold property that the Summit business operates from, for a total purchase consideration of AUD$1,300,000 (£734,000). The total consideration (AUD$2,204,000 (£1,245,000)) for the combined purchase price of the business and property was settled with AUD$1,075,000 (£607,000) paid in cash and AUD$1,129,000 (£638,000) offset against amounts due to SB Middle East.

Summit has been distributing composite products in its established market in Australasia (which includes Australia, New Zealand and other local nations) for many years, and so the acquisition allows continued access to these markets to compliment the Group's presence in the region.

The acquisition did not attribute a value to intangible assets, and so the goodwill of AUD$176,000 (£101,000) arising from the acquisition is attributable to the expertise and experience of the workforce, customer relationships and the economies of scale that will arise from combining the operations of the two businesses. Management has estimated the useful life of this goodwill to be 5 years, in line with the group policy, and the Director's view of the period of benefit.

The following amounts of assets, liabilities and contingent liabilities were recognised at the acquisition date:

	AUD $'000	**GBP £'000 ***
Stock	694	392
Property, Plant & Equipment	47	27
Long Service Liabilities	(13)	(7)
	728	412
Freehold Property	1,300	734
Total	2,028	1,146
Goodwill	176	101
Total	2,204	1,246

* *closing year end exchange rate* £1.00 = AUD$1.77

SB Australia (Summit) contributed £1.3m of revenue and an £87,000 loss to the group for the 6 month period from 19 June 2020.

30. LEGAL STATUS OF THE SCOTTBADER COMMONWEALTH LTD

The Scott Bader Commonwealth Ltd is a company limited by guarantee without shares and a registered Charity. The liability of each member in the event of winding up is limited to 5p.

31. SUBSEQUENT EVENTS

The following items all occurred subsequent to 31 December 2020:

- The Group experienced a number of force majeures with regards to the supply of key raw materials in line with the impact experienced across the chemicals industry. The full impact on the Group cannot be quantified at the date of these Financial Statements, but the Group Procurement team continue to work through the logistical challenges around the disrupted supply chain and the impact to date has been minimal.

  Recent Group forward forecasts and actual results since the balance sheet date, lead management to conclude that the Scott Bader Group remains well positioned to navigate through these uncertain times, and without requirement for adjustments to these Financial Statements as presented.