

Company Registration No. 10314481 (England and Wales)

POLYFOAM XPS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

POLYFOAM XPS LIMITED

COMPANY INFORMATION

Directors	Mr S Bell Mr A Megides Ms T Megides Mr M M Henig
Company number	10314481
Registered office	Hunter House Industrial Estate Hartlepool TS25 2BE
Auditor	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP

POLYFOAM XPS LIMITED

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POLYFOAM XPS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Fair review of the business

The principal activity of the company during the period was that of manufacture and sale of insulation products.

During the year the company continued to produce XPS insulation and through its Floorboard, Roofboard and Fabrication product ranges, the company offers high quality, high performance, rigid, closed cell, extruded polystyrene (XPS) insulation for use in domestic, commercial and industrial buildings alike.

Turnover has been in line with expectation at £10.6m, with gross profit of £6.4m and profit before tax of £1.17m. The board of directors consider 2021 performance satisfactory. The company is in a strong financial position with net assets of £12.2m and net current assets of £3.8m at the year end.

Principal risks and uncertainties

The challenges the company faces in 2022 are the continued uncertainty in the stability of the global economy going forward including oil price and the availability and prices of raw materials due to current world affairs and Covid situation.

Key risks also include:

- Competition in the marketplace both from UK manufacture and imports keen to increase market share;
- New manufacture line capacity now available in the UK at full capacity – Direct competition with Polyfoam KPS;
- Legislative risks within the building industry continue to be a risk following the Grenfell Tower Fire. Developing our products to meet and comply with legislation is a key focus for the business.

The directors have assessed the main risks facing the company. The major unknown is the effect the conflict in Russia and Ukraine will have and how this will impact on the cost of raw materials mainly from European countries.

The global Covid-19 pandemic continues to impact a number of businesses but the Directors consider that the Company is well placed to minimize future issues.

Continuous assessment of the impact of the virus on employees, customers and suppliers is ongoing with regular contact with the supply chain to minimize disruption. Procedures remain in place for personnel to work from home where appropriate and the flexibility of working practices within the factory will enable the business to maintain operations.

Polyfoam XPS has established a strong financial platform over the last few years and this together with the current balance sheet strength positions the company well to minimise any impact of a reduced cashflow.

As a result of Covid-19 control measures implemented in the UK, together with disruption caused by a major capital project taking place at the company's premises, the auditors in 2020 were unable to attend the year-end stock take. While this has resulted in a qualified audit report, the 2021 stock check was completed with the auditors and the Directors are confident that the stock take was performed with appropriate diligence each year, and the stock figures stated in the accounts are accurate. The stock balance of £2.17m is slightly higher than the previous year of £1.89m.

Key performance indicators

Given the straightforward nature of the company's operations, the directors are of the opinion that analysis using KPIs other than the financial results, is not necessary for an understanding of the development, performance or position of the business.

POLYFOAM XPS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Future plans

The company will continue to work at strengthening the business through new product development and increasing the product range, while focusing on customer needs.

The company encourages and invests heavily in new technology and innovative products, working closely with its client base to ensure their needs are met. New manufacturing capacity project with scope for further development in the product portfolio has been agreed, capital investment authorised for 2021 has seen some equipment delivery delays but envisaged to be fully operational in 2022.

Financial risk management

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company manages its working capital to ensure an excess of current assets over current liabilities.

On behalf of the board

Mr S Bell
Director

9 May 2022

POLYFOAM XPS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Principal activities

The principal activity of the company during the period was that of insulation manufacture.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr S Bell
Mr A Megides
Ms T Megides
Mr M M Henig

Auditor

The auditor, MHA Moore and Smalley, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management objectives and policies, and future developments.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr S Bell
Director

9 May 2022

POLYFOAM XPS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

POLYFOAM XPS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF POLYFOAM XPS LIMITED

Qualified opinion on financial statements

We have audited the financial statements of PolyFoam XPS Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

On 23 March 2020, the UK Government announced lockdown measures to stem the coronavirus pandemic. As a result of the measures in place at 31 December 2020, together with disruption caused by a major capital project taking place at the company's premises, we were not able to attend the year end stock take. This decision was taken to give due consideration to the safety of both the company's staff and the audit staff. As a result, we did not observe the counting of physical stock at 31 December 2020.

We were unable to use alternative procedures to provide assurance over the stock quantities held on the balance sheet at 31 December 2020. The directors informed us it was not practical to verify the stock quantities at the year end once the lockdown had been eased, as by this date the stock had moved considerably, meaning it would not have been practical to perform an accurate rollback to the quantities held at the year end. Consequently we were unable to determine whether any adjustment to the stock balance of £1,891,819 held at 31 December 2020 was necessary, or whether there was any consequential effect on the cost of sales for the year ended 31 December 2021. In addition, were any adjustment to the stock and cost of sales balances to be required, the strategic report would also need to be amended. We did observe the counting of physical stock at 31 December 2021, and are satisfied we have obtained sufficient audit evidence over the stock quantities held on the balance sheet at 31 December 2021.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

POLYFOAM XPS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF POLYFOAM XPS LIMITED

Other information

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

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the stock quantities of £1,891,819 held at 31 December 2020. We have concluded that where the other information refers to the stock balance or related balances such as cost of sales, they may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of our audit:

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

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to stock, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been maintained.

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' 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:

- returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made.

Responsibilities of directors

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

POLYFOAM XPS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF POLYFOAM XPS LIMITED

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud, are detailed below:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations;
- Enquires with management about any known or suspected instances of fraud;
- Review of minutes of board meetings;
- Examination of journal entries and other adjustments to test for appropriateness and identify any instances of management override of controls;
- Review of legal and professional expenditure to identify any evidence of ongoing litigation or enquiries.

We identified the following areas as those most likely to have a material impact on the financial statements: employment law, health and safety legislation, and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognize the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

POLYFOAM XPS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF POLYFOAM XPS LIMITED

Use of our report

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

Damian Walmsley (Senior Statutory Auditor)
For and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP

9 May 2022

POLYFOAM XPS LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021	2020
	Notes	£	£
Turnover	3	10,649,174	8,972,983
Cost of sales		(4,257,404)	(3,036,384)
Gross profit		6,391,770	5,936,599
Distribution costs		(736,699)	(685,853)
Administrative expenses		(4,475,049)	(4,479,769)
Other operating income		-	86,748
Operating profit	4	1,180,022	857,725
Interest payable and similar expenses	7	(13,291)	(29,634)
Profit before taxation		1,166,731	828,091
Tax on profit	8	(475,724)	(368,013)
Profit for the financial year		691,007	460,078

The profit and loss account has been prepared on the basis that all operations are continuing operations.

POLYFOAM XPS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Goodwill	9	5,175,671		6,210,805	
Other intangible assets	9	1,875		8,028	
Total intangible assets		5,177,546		6,218,833	
Tangible assets	10	3,389,131		3,626,913	
		8,566,677		9,845,746	
Current assets					
Stocks	11	2,165,760		1,891,819	
Debtors	12	1,753,115		1,302,496	
Cash at bank and in hand		3,036,385		1,136,469	
		6,955,260		4,330,784	
Creditors: amounts falling due within one year	13	(3,111,483)		(2,496,973)	
Net current assets		3,843,777		1,833,811	
Total assets less current liabilities		12,410,454		11,679,557	
Provisions for liabilities					
Deferred tax liability	15	216,526		176,636	
			(216,526)		(176,636)
Net assets		12,193,928		11,502,921	
Capital and reserves					
Called up share capital	17	9,806,101		9,806,101	
Profit and loss reserves		2,387,827		1,696,820	
Total equity		12,193,928		11,502,921	

The financial statements were approved by the board of directors and authorised for issue on 9 May 2022 and are signed on its behalf by:

Mr S Bell
Director

Company Registration No. 10314481

POLYFOAM XPS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2020	9,806,101	1,236,742	11,042,843
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	460,078	460,078
Balance at 31 December 2020	9,806,101	1,696,820	11,502,921
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	691,007	691,007
Balance at 31 December 2021	9,806,101	2,387,827	12,193,928

POLYFOAM XPS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	22	1,700,369		2,528,402	
Interest paid		(13,291)		(29,634)	
Income taxes paid		(254,457)		(392,375)	
Net cash inflow from operating activities		1,432,621		2,106,393	
Investing activities					
Purchase of intangible assets		(1,875)		-	
Purchase of tangible fixed assets		(97,007)		(671,105)	
Net cash used in investing activities			(98,882)		(671,105)
Financing activities					
Proceeds of new bank loans		1,250,000		-	
Repayment of bank loans		(683,823)		(691,177)	
Payment of finance leases obligations		-		(1,719)	
Net cash generated from/(used in) financing activities			566,177		(692,896)
Net increase in cash and cash equivalents			1,899,916		742,392
Cash and cash equivalents at beginning of year			1,136,469		394,077
Cash and cash equivalents at end of year			3,036,385		1,136,469

POLYFOAM XPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

PolyFoam XPS Limited is a private company limited by shares incorporated in England and Wales. The registered office is Hunter House Industrial Estate, Hartlepool, TS25 2BE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

1.3 Going concern

The global Covid-19 pandemic is still having an impact on a number of businesses, but the Directors consider that the Company is well placed to minimise the impact.

Continuous assessment of the impact of the virus on employees, customers and suppliers is ongoing with regular contact with the supply chain to minimise disruption, and the flexibility of working practices within the factory has enabled the business to maintain operations.

The current order book is still showing signs of improvement when comparing against the time of the initial outbreak, and despite the challenges caused by the pandemic the latest forecasts show that a profit is expected for 2022.

Polyfoam XPS has established a strong financial platform over the last few years and this together with the current balance sheet strength positions the company well to minimise any impact of a reduced cashflow.

Having assessed the potential impacts of this crisis on the business, the Directors have an expectation that the company has adequate resources to continue for the foreseeable future and as a result continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. Turnover is recognised within the accounts on delivery of goods to the customer.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of the trade and assets of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

POLYFOAM XPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	Over 3 years straight line
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1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Over 2 - 50 years straight line
Plant and equipment	Over 2 - 10 years straight line

Freehold land and assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

POLYFOAM XPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.10 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

POLYFOAM XPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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. Amounts 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.

Other financial liabilities

All of the company's liabilities are basic financial liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences. Such liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled. Deferred tax is charged or credited in the profit and loss account.

POLYFOAM XPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

1.17 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.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

POLYFOAM XPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment of trade debtors

At the end of the reporting period, management undertake an assessment of the recoverability of trade debtors based upon their knowledge of the customers, ageing of the balances outstanding and previous write off history. Where necessary, an impairment is recorded as a doubtful debt.

The actual level of debt collected may differ from the estimated level of recovery.

Impairment of stock

At the end of the reporting period, management undertake an assessment of stock, based upon their knowledge of the market and the movement of each stock item. Where necessary, an impairment is recognised in the profit and loss account.

The actual net realisable value may differ from the estimated level of recovery.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful life of tangible fixed assets

The useful economic life and expected residual value of tangible fixed assets is assessed at the point of purchase. This is reviewed at the end of the reporting period, to determine whether the estimates are still appropriate.

Useful life of goodwill

The useful economic life and expected residual value of goodwill is assessed at the point of purchase. This is reviewed at the end of the reporting period, to determine whether the estimates are still appropriate.

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Attributable to the principal activities	10,649,174	8,972,983

POLYFOAM XPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue (Continued)

	2021 £	2020 £
Other significant revenue		
Grants received	-	86,748
	<u> </u>	<u> </u>

	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	10,649,174	8,972,983
	<u> </u>	<u> </u>

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(25,021)	19,275
Government grants	-	(86,748)
Fees payable to the company's auditor for the audit of the company's financial statements	12,900	12,350
Depreciation of owned tangible fixed assets	334,789	311,595
Amortisation of intangible assets	1,043,162	1,044,767
Operating lease charges	137,382	137,265
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Production	23	22
Administrative	4	4
Management	4	4
	<u> </u>	<u> </u>
Total	31	30
	<u> </u>	<u> </u>

POLYFOAM XPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Employees (Continued)

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	1,306,627	1,389,830
Social security costs	116,017	136,307
Pension costs	111,484	138,948
	<u>1,534,128</u>	<u>1,665,085</u>

6 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	194,224	148,108
Company pension contributions to defined contribution schemes	21,467	25,733
	<u>215,691</u>	<u>173,841</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 1).

The key management personnel of the company are considered to be the directors.

7 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	10,893	25,413
Other finance costs:		
Other interest	2,398	4,221
	<u>13,291</u>	<u>29,634</u>

8 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	435,834	254,457
	<u>435,834</u>	<u>254,457</u>

POLYFOAM XPS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021**

8 Taxation		(Continued)	
	2021	2020	
	£	£	
Deferred tax			
Origination and reversal of timing differences	(12,076)	106,133	
Changes in tax rates	51,966	7,423	
	<u>39,890</u>	<u>113,556</u>	
Total deferred tax	<u>39,890</u>	<u>113,556</u>	
Total tax charge	<u>475,724</u>	<u>368,013</u>	

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020	
	£	£	
Profit before taxation	<u>1,166,731</u>	<u>828,091</u>	
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	221,679	157,337	
Tax effect of expenses that are not deductible in determining taxable profit	206,471	203,253	
Effect of change in corporation tax rate	51,966	7,423	
Other permanent differences	(4,392)	-	
	<u>475,724</u>	<u>368,013</u>	
Taxation charge for the year	<u>475,724</u>	<u>368,013</u>	

Factors affecting future tax and charges

In March 2021 the Chancellor confirmed, in the budget, an increase in the corporation tax rate from 19% to 25%. The Finance Bill 2021 had its third reading on 24 May 2021 and is now considered substantively enacted. The timing differences expected to reverse on or after 1 April 2023 have been accounted for at 25% and therefore deferred tax has been provided for at 25% (2020: 19%).

POLYFOAM XPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 Intangible fixed assets

	Goodwill £	Software £	Total £
Cost			
At 1 January 2021	10,351,341	28,900	10,380,241
Additions	-	1,875	1,875
At 31 December 2021	10,351,341	30,775	10,382,116
Amortisation and impairment			
At 1 January 2021	4,140,536	20,872	4,161,408
Amortisation charged for the year	1,035,134	8,028	1,043,162
At 31 December 2021	5,175,670	28,900	5,204,570
Carrying amount			
At 31 December 2021	5,175,671	1,875	5,177,546
At 31 December 2020	6,210,805	8,028	6,218,833

10 Tangible fixed assets

	Freehold land and buildings £	Assets under construction £	Plant and equipment £	Total £
Cost				
At 1 January 2021	2,790,566	-	1,994,818	4,785,384
Additions	-	97,007	-	97,007
At 31 December 2021	2,790,566	97,007	1,994,818	4,882,391
Depreciation and impairment				
At 1 January 2021	183,461	-	975,010	1,158,471
Depreciation charged in the year	67,043	-	267,746	334,789
At 31 December 2021	250,504	-	1,242,756	1,493,260
Carrying amount				
At 31 December 2021	2,540,062	97,007	752,062	3,389,131
At 31 December 2020	2,607,105	-	1,019,808	3,626,913

POLYFOAM XPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Stocks

	2021	2020
	£	£
Raw materials and consumables	673,804	634,507
Finished goods and goods for resale	1,491,956	1,257,312
	<u>2,165,760</u>	<u>1,891,819</u>

12 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	1,403,356	1,266,657
Prepayments and accrued income	349,759	35,839
	<u>1,753,115</u>	<u>1,302,496</u>

13 Creditors: amounts falling due within one year

	2021	2020
	£	£
	Notes	
Bank loans	14	1,250,000
Trade creditors		683,823
Corporation tax		822,973
Other taxation and social security		435,834
Accruals and deferred income		254,457
		444,602
		319,058
		<u>250,951</u>
		<u>3,111,483</u>
		<u>2,496,973</u>

14 Loans and overdrafts

	2021	2020
	£	£
Bank loans	1,250,000	683,823
	<u>1,250,000</u>	<u>683,823</u>
Payable within one year	1,250,000	683,823
	<u>1,250,000</u>	<u>683,823</u>

The bank loan at 31 December 2020 was secured by a charge over the assets of the company, and was repayable on demand. Interest was payable at 2.25% plus 3 month LIBOR. The loan was repaid in full during the year.

The bank loan at 31 December 2021 is a CBILS loan secured by a charge over the assets of the company. The loan was repaid in full in February 2022 and therefore the loan is shown as being due in less than one year.

POLYFOAM XPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	216,526	176,636
	<u>216,526</u>	<u>176,636</u>
Movements in the year:		2021 £
Liability at 1 January 2021		176,636
Charge to profit or loss		39,890
		<u>216,526</u>
Liability at 31 December 2021		<u>216,526</u>

Given the company's capital expenditure plans, the deferred tax liability set out above is not expected to materially reverse over the next 12 months.

16 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	111,484	138,948
	<u>111,484</u>	<u>138,948</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	9,806,101	9,806,101	9,806,101	9,806,101
	<u>9,806,101</u>	<u>9,806,101</u>	<u>9,806,101</u>	<u>9,806,101</u>

POLYFOAM XPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	35,020	30,494
Between two and five years	32,167	6,408
	<u>67,187</u>	<u>36,902</u>

19 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021 £	2020 £
Acquisition of tangible fixed assets	1,094,252	-
	<u>1,094,252</u>	<u>-</u>

20 Related party transactions

During the year the company made purchases totalling £172,100 (2020: £154,816) from companies with a common director. At the year end £nil (2020: £37,990) was due to these companies.

In accordance with FRS102 section 33.1A, transactions with other group undertakings owned 100% within the group have not been disclosed in these financial statements.

21 Ultimate controlling party

The company is a wholly owned subsidiary of Polyfoam Finance Ltd, a company incorporated in Israel. The ultimate controlling party is Mr A Megides.

POLYFOAM XPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

22 Cash generated from operations

	2021	2020
	£	£
Profit for the year after tax	691,007	460,078
Adjustments for:		
Taxation charged	475,724	368,013
Finance costs	13,291	29,634
Amortisation and impairment of intangible assets	1,043,162	1,044,767
Depreciation and impairment of tangible fixed assets	334,789	311,595
Movements in working capital:		
Increase in stocks	(273,941)	(42,601)
(Increase)/decrease in debtors	(450,619)	432,586
Decrease in creditors	(133,044)	(75,670)
Cash generated from operations	<u>1,700,369</u>	<u>2,528,402</u>

23 Analysis of changes in net funds

	1 January 2021	Cash flows	31 December 2021
	£	£	£
Cash at bank and in hand	1,136,469	1,899,916	3,036,385
Borrowings excluding overdrafts	(683,823)	(566,177)	(1,250,000)
	<u>452,646</u>	<u>1,333,739</u>	<u>1,786,385</u>

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