

Ultraframe (UK) Limited

Annual Report and Financial Statements

Year Ended

30 October 2020

Company Number 01765701



Ultraframe (UK) Limited

Company Information

Directors	A J Crowe J Slade A W M Thomson T J Halpin
Registered number	01765701
Registered office	Enterprise Works Salthill Road Clitheroe Lancashire BB7 1PE
Independent auditor	BDO LLP 3 Hardman Street Spinningfields Manchester M3 3AT

Ultraframe (UK) Limited

Contents

	Page
Strategic Report	1 - 3
Directors' Report	4 - 5
Directors' Responsibilities Statement	6
Independent Auditor's Report	7 - 9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 31

Ultraframe (UK) Limited

Strategic Report For the Year Ended 30 October 2020

The Directors present their Strategic Report together with the audited financial statements for the year ended 30 October 2020.

Business review

During the year the Company recorded turnover of £36,376,000 (2019 - £37,493,000), gross margin of 44.3% (2019 - 45.3%) and operating profit of £2,233,000 (2019 - £2,578,000). The Directors feel that the strategic actions taken during the year have positioned the business well for the future.

Principal risks and uncertainties

The principal risks facing the Company concern the macroeconomic environment and the value of the market for home improvement products. The Directors believe that the market has bounced back from the Covid related closures of 2020 but that there still remains uncertainty resulting from the covid pandemic related events, that continue to exert pressures on the market, especially on the supply chain at this time.

The Company continues to manage its cost base in line with activity and is investing to introduce new products into both its current markets and into new markets to enable it to manage risk.

The Group has an exposure to foreign currency risk due to the effect of making purchases and sales in foreign currencies. The Directors continually monitor exchange rate and have a policy of offsetting this risk through sales and purchases and seek to make neither profit nor loss from foreign exchange movements.

Going Concern

In March 2020 the coronavirus pandemic took hold in the UK and the group closed the factory in Clitheroe for a period of 6 weeks. This was followed by a ramp-up period of another 4 weeks to reach prior-year volume levels. The Company utilised the government furlough scheme to manage losses during this period and has taken advantage of HMRC and VAT deferrals available. After lockdown measures began to ease in the UK, the Group has seen trading and profitability return to pre-COVID levels.

The Company financial statements are prepared on the assumption that the Group will continue as a going concern in the foreseeable future. This assumption is based on the management's assessment made at a Latium Plastics Enterprises Limited consolidated group ("the Group") level which has been based on cash flow forecasts including downside scenarios indicating no issues with liquidity over the next 12 months within the group.

Considering all these facts the management has concluded that the Company is a going concern. Management is not aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

Financial key performance indicators

Key performance indicators are designed to indicate how the group performs on key ratios. The Company uses daily sales, gross margin percentage and cash flows as the key performance indicators which are most appropriate. Daily Sales for 2020 averaged £149,080, which was 4.17% down on the 2019 average of £155,573. Gross Margin percentage increased in the year to 44.3% from 45.3% in 2019 as noted above. The interaction of these factors on the Company's sales revenues and margins are key and determine the overall level of profitability.

Future developments

The Directors are confident that the longer term economic outlook is good and that there is excellent potential for continued growth. The Company is launching several new and innovative product lines and is optimistic that there will be good traction. A positive trend in profitability is currently forecast.

Ultraframe (UK) Limited

Strategic Report (continued) For the Year Ended 30 October 2020

Section 172 Statement

The Directors recognise their responsibility to act in a way which promotes the success of the company for all stakeholders, in line with Section 172(1) of the Company Act 2006, and as such, has evaluated its key stakeholders and how we have engaged with them during the year.

Stakeholder Group	Why we engage	How we engage
Employees	The long-term success of the Company relies upon our employees being committed to our strategy and core values. We engage regularly with our employees to ensure we create a safe environment in which they are happy to work.	We hold regular communications meetings in order to share performance and strategy and seek feedback. These are held company wide and through our Joint Consultative Committee. We maintain a common digital portal for all employee communications and hire internally where possible. Our culture also welcomes access to our senior team by anyone.
Customers	Building solid and long-standing relationships with our customers is fundamental to the success of our company. We pride ourselves on providing excellent customer service and products that meet all customer requirements to maintain customer loyalty and build brand reputation	Our commercial team have regular communication with our customers to ensure we are meeting their requirements and working collaboratively for future developments. Customer visits and on-site training are regular occurrences and actively encouraged.
Suppliers	In order to be flexible and adaptable to our customer needs, we retain a large and versatile global supply base to ensure we meet the quality and technical requirements our customers set for us.	Our supply chain team have regular correspondence and undertake site audits with our supply base. Face-to-face meetings, telephone calls and emails are also commonplace. We work collaboratively and set reasonable expectations in open and honest working relationships.
Community	The Company cares about its local community, where most of its employees live, and is passionate about making the local area a great place to live and work. We want to build trust amongst the community and work collaboratively.	The Company regularly holds fundraising events in support of local and national charities and local causes. Our factory is close to a residential area and we work closely with our neighbors to ensure positive engagement. We reach out to local schools helping run work / interview training sessions and offering work placements. We have also introduced an apprenticeship scheme to encourage development within the local community.

Ultraframe (UK) Limited

Strategic Report (continued) For the Year Ended 30 October 2020

Section 172 Statement (continued)

Stakeholder Group	Why we engage	How we engage
Environment	The Company is aware of its responsibilities to the environment and the impact it has on the wider world.	The Company takes its responsibility for the environment seriously. We constantly strive to reduce waste and energy consumption and make our products in a more environmentally friendly way and from sustainable sources. Where we cannot eliminate waste we maximize our use of recycling.
Shareholders	Whilst the Company runs autonomously, the support from our Shareholders is essential to ensuring we hit our long-term growth objectives. We create value for our shareholders by generating strong results that we can translate into further investment in the company and wider group, whilst strengthening the balance sheet.	There is at least one formal shareholder meeting each year, to discuss the prior year events and results, and align future plans and targets, but we have open dialogue with our shareholders throughout the year. We ensure our communication is consistent, regular, and clear.

Principal Decisions

- **Covid-19**
The board decided to temporarily close the production facility in Clitheroe at the end of March 2020 following on from a cessation in the availability of glass in the home improvements market. The shutdown lasted 6 weeks and was followed by a ramp up in demand of a further 4 weeks. The Company's recovery plan in this period involved a coordinated approach by all stakeholders that successfully resulted in the company and industry re-emerging better placed to deal with the future and further Covid related variability.
- **Investment in Stratus**
During 2020 the board took the decision to invest in tooling and machinery related to several competing roofing systems including the Stratus lantern range. The investment allows the company to build market share in this area.

This report was approved by the board on 31 AUGUST 2021 and signed on its behalf.


T J Halpin
Director

Ultraframe (UK) Limited

Directors' Report For the Year Ended 30 October 2020

The Directors present their report and the audited financial statements for the year ended 30 October 2020.

Principal activity

The principal activity of the Company is the specialist design and manufacture of conservatory systems for domestic and light commercial applications.

Results and dividends

The profit for the year, after taxation, amounted to £2,031,000 (2019 - £2,324,000).

The Directors proposed a dividend of £Nil (2019 - £2,081,000) during the year.

Directors

The Directors who served during the year were:

A J Crowe
J Slade
A W M Thomson
T J Halpin (appointed 15 April 2020)

Research and development

The Company commits sufficient resources to research and development to ensure that it maintains its competitive position in the market.

Employee involvement

The Company places great emphasis on consultation at all levels, where its policy is to encourage an open management style with frequent formal and informal discussions on all aspects of operations. To achieve this; the company utilises its Joint Consultative Committee. This Committee, which meets regularly, comprises elected representatives and members of the management team. In addition, regular internal newsletters are distributed to employees by both electronic and traditional media.

Employment of disabled employees

The Company's policy and practice is to encourage and assist the employment of disabled people, their recruitment, training, career development and promotion and the retention of employees who become disabled. The operation of this policy is reviewed regularly.

Matters covered in the Strategic Report

Disclosures required under S416(4) of the Companies Act 2006 are commented upon in the Strategic Report, in accordance with section 414C of the Companies Act 2006, as the Directors consider them to be of strategic importance to the Company.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company has taken the exemption available to subsidiary companies not to disclose information in respect of greenhouse gas emissions, energy consumption and energy efficiency action given this is disclosed in the consolidated financial statements of the parent company Latium Plastics Enterprises Limited.

Ultraframe (UK) Limited

Directors' Report (continued) For the Year Ended 30 October 2020

Disclosure of information to auditor

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

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

Post balance sheet events

There has been no significant events since the reporting date.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 31 AUGUST 2021 and signed on its behalf.


T J Halpin
Director

Ultraframe (UK) Limited

Directors' Responsibilities Statement For the Year Ended 30 October 2020

The Directors are responsible for preparing the strategic report, the directors' report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare audited 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 Generally Accepted 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Ultraframe (UK) Limited

Independent Auditor's Report to the Members of Ultraframe (UK) Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 October 2020 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.

We have audited the financial statements of Ultraframe (UK) Limited ("the Company") for the year ended 30 October 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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.

Ultraframe (UK) Limited

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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.

Other Companies Act 2006 reporting

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

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

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 or the Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the Director's 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.

Ultraframe (UK) Limited

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

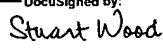
- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates
- Revenue year end cut-off procedures;
- Identifying and testing journal entries, in particular any journal entries posted with specific keywords and manual journals to revenue and cash
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud
- Review of minutes of Board meetings throughout the period;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

Use of our report

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

DocuSigned by:


08CD362D513C4D9
Stuart Wood (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester
United Kingdom

31 August 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Ultraframe (UK) Limited

Statement of Comprehensive Income For the Year Ended 30 October 2020

	Note	2020 £000	2019 £000
Turnover	4	36,376	37,493
Cost of sales		(20,279)	(20,498)
Gross profit		16,097	16,995
Distribution costs		(2,574)	(3,165)
Administrative expenses		(12,574)	(11,252)
Other operating income	5	1,359	-
Other operating charges		(75)	-
Operating profit	6	2,233	2,578
Interest receivable and similar income		4	2
Interest payable and similar expenses		(4)	(8)
Profit before tax		2,233	2,572
Tax on profit	10	(202)	(248)
Profit for the financial year		2,031	2,324
Other comprehensive income for the year			
Unrealised surplus on revaluation of tangible fixed assets		-	900
Other comprehensive income for the year		-	900
Total comprehensive income for the year		2,031	3,224

The notes on pages 13 to 31 form part of these financial statements.

Ultraframe (UK) Limited
Registered number: 01765701

Statement of Financial Position
As at 30 October 2020

	Note	30 October 2020 £000	30 October 2020 £000	1 November 2019 £000	1 November 2019 £000
Fixed assets					
Intangible assets	11		2,093		1,597
Tangible assets	12		2,381		2,061
			<u>4,474</u>		<u>3,658</u>
Current assets					
Stocks	13	4,555		4,208	
Debtors: amounts falling due within one year	14	37,543		38,593	
Cash at bank and in hand		3,814		3,219	
		<u>45,912</u>		<u>46,020</u>	
Creditors: amounts falling due within one year	15	(11,047)		(15,242)	
Net current assets			<u>34,865</u>		<u>30,778</u>
Total assets less current liabilities			<u>39,339</u>		<u>34,436</u>
Provisions for liabilities					
Warranty provision	17		(661)		(300)
Net assets			<u><u>38,678</u></u>		<u><u>34,136</u></u>
Capital and reserves					
Called up share capital	18		2,515		2,515
Share premium account	19		3,849		3,849
Capital contribution reserve	19		4,528		-
Profit and loss account	19		27,786		27,772
Total equity			<u><u>38,678</u></u>		<u><u>34,136</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
31 August 2021


T J Halpin
Director

The notes on pages 13 to 31 form part of these financial statements.

Ultraframe (UK) Limited

Statement of Changes in Equity For the Year Ended 30 October 2020

	Called up share capital	Share premium account	Capital contribution reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 2 November 2019	2,515	3,849	-	27,772	34,136
Comprehensive income for the year					
Profit for the year	-	-	-	2,031	2,031
Total comprehensive income for the year	-	-	-	2,031	2,031
Contributions by and distributions to owners					
Capital contribution in the year	-	-	4,528	-	4,528
Distributable dividends	-	-	-	(2,017)	(2,017)
At 30 October 2020	2,515	3,849	4,528	27,786	38,678

Statement of Changes in Equity For the Year Ended 1 November 2019

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 3 November 2018	2,515	3,849	-	26,629	32,993
Comprehensive income for the year					
Profit for the year	-	-	-	2,324	2,324
Surplus on revaluation of freehold property	-	-	900	-	900
Total comprehensive income for the year	-	-	900	2,324	3,224
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(2,081)	(2,081)
Transfer to/from profit and loss account	-	-	(900)	900	-
Total transactions with owners	-	-	(900)	(1,181)	(2,081)
At 1 November 2019	2,515	3,849	-	27,772	34,136

The notes on pages 13 to 31 form part of these financial statements.

Ultraframe (UK) Limited

Notes to the Financial Statements For the Year Ended 30 October 2020

1. General information

Ultraframe (UK) Limited is a private company, limited by shares, and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activity is set out in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of LPE Holdco Limited as at 30 October 2020 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Ultraframe (UK) Limited

Notes to the Financial Statements For the Year Ended 30 October 2020

2. Accounting policies (continued)

2.3 Going concern

In March 2020 the coronavirus pandemic took hold in the UK and the Group closed the factory in Clitheroe for a period of 6 weeks. This was followed by a ramp-up period of another 4 weeks to reach prior-year volume levels. The Company utilised the government furlough scheme to manage losses during this period and has taken advantage of HMRC and VAT deferrals available. After lockdown measures began to ease in the UK, the group has seen trading and profitability return to pre-COVID levels.

A letter of support has been obtained from the ultimate controlling party which states that shareholder loans will not be recalled 12 months from the date of signing. In addition, there are no covenants, on any of the debt.

The Company financial statements are prepared on the assumption that the Group will continue as a going concern in the foreseeable future. This assumption is based on the management's assessment made at a Latium Plastics Enterprises Limited consolidated group ("the Group") level which has been based on cash flow forecasts including downside scenarios indicating no issues with liquidity over the next 12 months within the Group.

Considering all these facts the management has concluded that the Company is a going concern. Management is not aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

2.4 Turnover

Turnover is recognised upon the despatch of goods. Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third parties.

2.5 Government grants

Payments received from the government for furloughed employees are a form of grant. This grant money is receivable as compensation for expenses already incurred, and where this is not in respect of future related costs, is recognised in income in the period in which it becomes receivable and the related expense is incurred.

Ultraframe (UK) Limited

Notes to the Financial Statements For the Year Ended 30 October 2020

2. Accounting policies (continued)

2.6 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP. All amounts in these financial statements have been rounded to the nearest thousand pound.

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 comprehensive income.

2.7 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.8 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.9 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Ultraframe (UK) Limited

Notes to the Financial Statements For the Year Ended 30 October 2020

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

2.11 Current and deferred taxation (continued)

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.13 Research and development

Expenditure on pure and applied research is charged to the Statement of Comprehensive Income in the year in which it is incurred.

Development costs are also charged to the Statement of Comprehensive Income in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the project to be completed.

In such circumstances costs are carried forward and amortised over a period not exceeding 5 years.

Ultraframe (UK) Limited

Notes to the Financial Statements For the Year Ended 30 October 2020

2. Accounting policies (continued)

2.14 Intangible assets

Goodwill arose on the acquisition of a customer listing and is measured at the difference between the fair value of the consideration paid and the fair value of the assets acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 5 years.

Intangible assets relate to capitalised development costs which is initially recognised at cost. After recognition, under the cost model, development costs are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

The estimated useful lives range as follows:

Patents	- 5 years
Development costs	- 3 - 5 years
Trademarks	- 5 years

2.15 Tangible fixed assets

With the exception of freehold land and buildings, tangible fixed asset are held under the cost model. Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 10% to 20% straight line
Motor vehicles	- 13% to 25% straight line
Fixtures and fittings	- 10% to 33% straight line

Assets under construction are not depreciated until they are brought into use.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.17 Debtors

Short term debtors are measured at transaction price, less any impairment.

Ultraframe (UK) Limited

Notes to the Financial Statements For the Year Ended 30 October 2020

2. Accounting policies (continued)

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.19 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.20 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

2.21 Provisions for liabilities

The Company monitors product warranty issues and, where necessary, establishes provisions to meet expected future costs based upon historic failure rates and/or technical assessments of likely failure rates in the population at risk. These estimates are reviewed each year. The most significant factor affecting existing provisions is the estimated failure rate.

Ultraframe (UK) Limited

Notes to the Financial Statements For the Year Ended 30 October 2020

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have had to make the following judgements:

- Determine the fair value of land and buildings held. This has been determined with reference to the assets expected re-sale value less any anticipated costs to sell.

Other key sources of estimation uncertainty

- **Intangible and Tangible fixed assets (see notes 11 and 12)**
Intangible and tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Intangible and Tangible fixed assets (see notes 11 and 12)**
Determine whether there are indicators of impairment of the Company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- **Tangible fixed assets (see note 12)**
Freehold land and buildings are professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.
- **Stock provision (see note 13)**
At each year end, the Company estimates the level of stock provision required in the financial statements. When calculating the stock provision, management considers the nature and condition of the inventory, as well as past history of usage of stock lines and the saleability of work in progress.
- **Bad debt provision (see note 14)**
The Company 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 level of credit insurance, current credit worthiness of the debtor, the ageing profile of debtors and historical experience.
- **Warranty Provision (see note 17)**
Each year end the Company calculates a provision for the potential cost of future warranty claims on the company. The warranty provision is calculated taking into account historic warranty information, the number of installations under warranty, the types and costs of various potential warranty issues and their likely ageing profile.

Ultraframe (UK) Limited

Notes to the Financial Statements For the Year Ended 30 October 2020

4. Turnover

All turnover relates to the principal activity of the Company.

Analysis of turnover by country of destination:

	2020 £000	2019 £000
United Kingdom	36,145	37,294
Rest of Europe	208	179
Rest of the world	23	20
	<u>36,376</u>	<u>37,493</u>

5. Other operating income

	2020 £000	2019 £000
Government grants receivable for furloughed employees	<u>1,359</u>	<u>-</u>

6. Operating profit

The operating profit is stated after charging

	2020 £000	2019 £000
Depreciation of tangible fixed assets	447	875
Amortisation of intangible fixed assets	632	529
Inventory charged as expense	15,793	16,548
Exchange differences	56	69
Operating lease rentals	863	156
Research and development expenditure	<u>56</u>	<u>24</u>

7. Auditor's remuneration

	2020 £000	2019 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>16</u>	<u>16</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

Ultraframe (UK) Limited

Notes to the Financial Statements For the Year Ended 30 October 2020

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	2020 £000	2019 £000
Wages and salaries	8,783	9,247
Social security costs	827	780
Cost of defined contribution scheme	307	295
	<u>9,917</u>	<u>10,322</u>

Employees costs of £133,000 (2019 - £1,051,000) borne by the Company have been recharged fellow group subsidiaries.

The average monthly number of employees, including the Directors, during the year was as follows:

	2020 No.	2019 No.
Manufacturing	195	205
Administration	142	148
	<u>337</u>	<u>353</u>

9. Directors' remuneration

	2020 £000	2019 £000
Directors' emoluments	694	763
Company contributions to defined contribution pension schemes	29	31
	<u>723</u>	<u>794</u>

During the year retirement benefits were accruing to 2 Directors (2019 - 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £402,000 (2019 - £459,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £Nil (2019 - £Nil).

Ultraframe (UK) Limited

Notes to the Financial Statements For the Year Ended 30 October 2020

10. Taxation

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	119	226
Adjustments in respect of previous periods	(39)	-
Total current tax	80	226
Deferred tax		
Origination and reversal of timing differences	157	22
Adjustments in respect of previous periods	(35)	-
Total deferred tax	122	22
Taxation on profit	202	248

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 -lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit before tax	2,233	2,572
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	424	489
Effects of:		
Expenses not deductible for tax purposes	35	20
Short term timing differences	(2)	(6)
Adjustment in research and development tax credit leading to a decrease in the tax charge	(178)	(255)
Adjustments to tax charge in respect of prior periods	(74)	-
Group relief	(3)	-
Total tax charge for the year	202	248

Ultraframe (UK) Limited

Notes to the Financial Statements For the Year Ended 30 October 2020

10. Taxation (continued)

Factors that may affect future tax charges

An increase in the future main corporation tax rate to 25% from 1 April 2023, from the previously enacted 19%, was announced at the budget on 3 March 2021, and substantively enacted on 24 May 2021. The deferred tax balance at 30 October 2020 has been calculated based on the tax rate as at the Statement of Financial Position date.

11. Intangible assets

	Development costs £000	Goodwill £000	Total £000
Cost			
At 2 November 2019	5,321	476	5,797
Additions	737	366	1,103
Transfers from tangible fixed assets	25	-	25
At 30 October 2020	6,083	842	6,925
Amortisation			
At 2 November 2019	3,724	476	4,200
Charge for the year	632	-	632
At 30 October 2020	4,356	476	4,832
Net book value			
At 30 October 2020	1,727	366	2,093
At 1 November 2019	1,597	-	1,597

Development expenditure is the amount incurred by the Company to develop new products to maintain their competitive position in the market, these costs are being amortised over a period of five years.

Goodwill has arisen on the purchase of the assets of Altrincham Doors Limited as at the Statement of Financial Position date.

Ultraframe (UK) Limited

Notes to the Financial Statements For the Year Ended 30 October 2020

12. Tangible fixed assets

	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Assets under const'n £000	Total £000
Cost or valuation					
At 2 November 2019	30,916	693	5,231	331	37,171
Additions	155	-	-	690	845
Transfers	115	-	516	(631)	-
Disposals	(74)	-	(12)	-	(86)
Transfers to intangible fixed assets	-	-	-	(25)	(25)
At 30 October 2020	31,112	693	5,735	365	37,905
Depreciation					
At 2 November 2019	29,573	656	4,881	-	35,110
Charge for the year	357	9	81	-	447
Disposals	(31)	-	(2)	-	(33)
At 30 October 2020	29,899	665	4,960	-	35,524
Net book value					
At 30 October 2020	1,213	28	775	365	2,381
At 1 November 2019	1,343	37	350	331	2,061

Ultraframe (UK) Limited

Notes to the Financial Statements For the Year Ended 30 October 2020

13. Stocks

	30 October 2020 £000	1 November 2019 £000
Raw materials and consumables	4,145	3,866
Work in progress	410	342
	<u>4,555</u>	<u>4,208</u>

An impairment loss of £203,000 (2019 - £79,000) was recognised in cost of sales during the year due to slow-moving and obsolete stock.

There is no material difference between the replacement cost of stocks and the amounts stated above

14. Debtors

	30 October 2020 £000	1 November 2019 £000
Trade debtors	8,947	6,102
Amounts owed by group undertakings	24,331	28,282
Other debtors	3,548	3,559
Prepayments and accrued income	325	405
Corporation tax recoverable	269	-
Deferred taxation	123	245
	<u>37,543</u>	<u>38,593</u>

An impairment loss of £434,000 (2019 - £192,000) was recognised in administrative expenses during the year.

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

Ultraframe (UK) Limited

Notes to the Financial Statements For the Year Ended 30 October 2020

15. Creditors: Amounts falling due within one year

	30 October 2020 £000	1 November 2019 £000
Trade creditors	5,088	4,532
Amounts owed to group undertakings	48	6,894
Corporation tax	-	218
Other taxation and social security	1,036	672
Other creditors	996	936
Accruals and deferred income	3,879	1,990
	<u>11,047</u>	<u>15,242</u>

Shareholder loans and amounts owed to group undertakings are non interest bearing, unsecured and repayable on demand.

16. Deferred taxation

	2020 £000
At beginning of year	245
Charged to profit or loss	(122)
At end of year	<u>123</u>

The deferred tax asset is made up as follows:

	30 October 2020 £000	1 November 2019 £000
Accelerated capital allowances	110	234
Tax losses carried forward	13	11
	<u>123</u>	<u>245</u>

Management are satisfied that the deferred tax asset is recoverable based on their detailed forecasts of future trading, some of which will be recoverable after one year.

Ultraframe (UK) Limited

Notes to the Financial Statements For the Year Ended 30 October 2020

17. Provisions

	Warranty provision £000
At 2 November 2019	300
Charged to profit or loss	361
At 30 October 2020	661

The warranty provision is provided where it is deemed necessary, to meet expected future costs based upon historic failure rates and/or technical assessments of likely failure in populations of risk.

18. Share capital

	30 October 2020 £000	1 November 2019 £000
Allotted, called up and fully paid		
2,514,709 (2019 - 2,514,709) ordinary shares of £1.00 each	2,515	2,515

19. Reserves

The Company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

Share premium represents the value of which the consideration received upon issue of ordinary share capital exceed the nominal value of the issued shares.

Capital contribution reserve

The capital contribution reserve represents consideration waived on amounts owed to related party and group undertakings.

Profit and loss account

Profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

Ultraframe (UK) Limited

Notes to the Financial Statements For the Year Ended 30 October 2020

20. Business combinations

On 30 October 2020, the Group acquired the trade and assets of Altrincham Doors Limited for consideration of £678,000.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value £000
Fixed assets		
Tangible	57	57
	<u>57</u>	<u>57</u>
Current assets		
Stocks	255	255
	<u>312</u>	<u>312</u>
Total assets	<u>312</u>	<u>312</u>
Total identifiable net assets	<u>312</u>	<u>312</u>
Goodwill		366
Total purchase consideration		<u>678</u>
Consideration		
		£000
Settlement of intercompany debt		678
Total purchase consideration		<u>678</u>
Net cash outflow on acquisition		

The goodwill arising on acquisition is attributable to the excess of the fair value of consideration over the fair value of the net assets acquired.

21. Pension commitments

The Company contributes to employee personal pension plans. All contributions shown in the Statement of Comprehensive Income relate to contributions to personal pension plans. Amounts are charged to the Statement of Comprehensive Income in the period in which the liability arises and amounted to £284,000 (2019 - £295,000) of which £66,000 (2019 - £56,000) is included in accruals at the year end.

Ultraframe (UK) Limited

Notes to the Financial Statements For the Year Ended 30 October 2020

22. Commitments under operating leases

At 30 October 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	30 October 2020 £000	1 November 2019 £000
Within 1 year	1,006	201
Between 2 and 5 years	3,436	200
After more than 5 years	7,200	-
	<u>11,642</u>	<u>401</u>

Ultraframe (UK) Limited

Notes to the Financial Statements For the Year Ended 30 October 2020

23. Related party transactions

The Directors have taken advantage of the exemption contained in section 33.1A of FRS 102 and have not disclosed related party transactions with group companies which are wholly owned subsidiaries of LPE Holdco Limited.

During the year ended 30 October 2020, the Company entered into the following transactions with companies related by virtue of a common shareholder:

	Amounts owed as at 30 October 2020 £000	Amounts payable as at 30 October 2020 £000	Goods sold during the year £000	Goods purchased during the year £000
Latium Management Services Limited	3,513	813	150	-
Indigo Products Limited	-	-	-	-
Specialist Building Distribution Limited	133	-	284	-
UPVC Distributors Limited	12	-	12	-
Quay Plastics Limited	9	-	35	-

	Amounts owed as at 31 October 2019 £000	Amounts payable as at 31 October 2019 £000	Goods sold during the year £000	Goods purchased during the year £000
Latium Management Services Limited	3,369	-	150	-
Indigo Products Limited	138	-	189	-
Specialist Building Distribution Limited	25	-	21	-
UPVC Distributors Limited	7	-	11	-
Quay Plastics Limited	13	-	29	-

Ultraframe (UK) Limited

Notes to the Financial Statements For the Year Ended 30 October 2020

24. Ultimate parent undertaking and controlling party

The immediate parent undertaking of the Company is Latium Roofing Systems Limited, a company registered in England and Wales at Enterprise Works, Salthill Road, Clitheroe, Lancashire, BB7 1PE.

The smallest group in which the results of the Company are consolidated is that headed by Latium Plastics Enterprises Limited, a company registered in England and Wales. The consolidated financial statements of Latium Plastics Enterprises Limited are available to the public and may be obtained from their registered office at Hamilton House, Church Street, Altrincham, England, WA14 4DR.

The Company's ultimate parent company and the largest group for which consolidated financial statements are prepared is that headed by LPE Holdco Limited, a company registered in England and Wales. The consolidated financial statements of LPE Holdco Limited are available to the public and may be obtained from their registered office at Hamilton House, Church Street, Altrincham, England, WA14 4DR.

The ultimate controlling party is Mr B G Kennedy by virtue of his majority shareholding in the ultimate parent company.