Company Registration No. 05873694

SURESTOP LIMITED

Report and Financial Statements

31 December 2020

SURESTOP LIMITED

REPORT AND FINANCIAL STATEMENTS

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SURESTOP LIMITED

STRATEGIC REPORT

The Directors present the Company's Strategic Report for the year ended 31 December 2020.

The Company's strategy remains the continued development of its unique, patented range of devices, operated by water pressure, designed to conveniently switch off the mains water supply in properties when leaving a property vacant for a period of time or in the event of a leak, avoiding the risk of water damage. Investment in processes and efficiency initiatives will continue with the objective of improving margins.

Review of the business
Turnover reduced to £1,577,000 (2019: £2,115,000) for the year ended 31 December 2020. Operating profit decreased by £410,000 to £257,000 (2019: £667,000), as a result of increasing material and overhead costs.

Capital expenditure during the year was £148,000 (2019: £108,000).

The Directors are satisfied with the performance of the Company for the year and with the future prospects. The Company will continue to seek every opportunity to increase profitable turnover.

Key performance indicators

The key performance indicators used by the Board to assess performance of the Company are set out in the table below:

KPI	2020	2019
Revenue growth / (decline)	(25.4%)	(0.5%)
Operating profit to turnover	16.3%	31.5%
Profit on ordinary activities before taxation	£257,000	£677,000

Principal risks and uncertainties

There are certain risks and uncertainties within the Company that may affect the Company's future performance as follows:

Raw material prices – The Company is exposed to volatile raw material prices, foreign currency exchange rate movements, and changes to suppliers' manufacturing capacity.

Business disruption - The Company's manufacturing and distribution operations could be subjected to disruption due to incidents including, but not limited to, fire, failure of equipment, power outages, workforce strikes, or unexpected or prolonged periods of severe weather.

Economic conditions - The Company is dependent on the level of activity in the UK DIY market and is therefore susceptible to any changes in its cyclical economic conditions.

Credit risk – The risk that a counterparty of the Company will not be able to meet its obligations under a financial instrument or customer contract. The Company is exposed to credit risk from its trading activities (primarily from trade receivables) and from its financing activities, including deposits with banks.

Liquidity risk – The risk that the Company will not be able to meets its financial obligations as they fall due.

Brexit - The Directors continue to closely monitor the impacts of Brexit on the Company and its activities and have concluded that there is no direct material risk to the business due to the nature of the Company's operations. The Brexit transition period had no impact on the Company.

COVID-19 - The Directors continue to closely monitor the impact of the pandemic on the Company and have concluded that there is no impact on the recoverability of assets recognised on the balance sheet, or the Company's ability to continue as a going concern.

Approved by the Board and signed on its behalf by:

E G Versluys
Secretary
29 September 2021

SURESTOP LIMITED

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the year ended 31 December 2020.

Directors

The Directors who held office during the year and up to the date of signing the financial statements, with all exceptions noted, were as follows:

M K Payne
P A James

None of the Directors who held office at the end of the financial year had any disclosable interest in the shares of the Company.

Proposed dividend

The Directors do not recommend the payment of a dividend (2019: £nil).

Stakeholder engagement statement

Customers – We endeavour to provide quality products that enable a sustainable built environment for our customers, placing our customers' needs at the heart of our strategic decision making.

Shareholders – Creating a competitive advantage generates long-term value for our shareholders. Our strategy is to allocate capital in a disciplined way to fund sustainable profitable growth, yielding consistent returns to shareholders over the long-term.

Employees – Employee's skills, experience and commitment are key to delivering the business strategy, as well as sharing and embedding Group-wide safety, quality and integrity expectations. The Group engage employees through formal and informal systems of communication and consultation including newsletters, videos, suggestion schemes and employee forums.

Suppliers – We value our suppliers and understand the benefit of maintaining long-standing relationships. We encourage fair negotiation with all suppliers, as well as certainty on payment. Protecting these relationships ensures positive impacts on the value chain and thus promotes sustainable success.

Community – The impact of our operations on the local communities and environments within which we operate are of paramount importance to the Company, in both daily operations, and also when making strategic long-term decisions. We recognise the positive differences we can make in our communities on an ongoing basis and the importance of regular engagement.

Future developments and outlook

No change in the Company's strategy is anticipated in the foreseeable future.

The Directors are mindful of the risks to the overall pace and sustainability of the economic recovery following the impact of COVID-19. They are, however, encouraged by the trading performance so far and are confident in the Company's position as markets continue to recover.

Whilst we remain vigilant to the short-term risks of further COVID-19 waves and the impacts of leaving the EU, the Directors are confident that the Company is well-positioned for the future.

Employees

Despite the short-term challenges that 2020 presented, the Company has retained its focus on developing and training employees and is committed to providing the appropriate skills and technical training that allow employees to operate effectively and safely in their roles and deliver excellent customer service. As part of our ongoing commitment to excellence, we continue to offer all front-line service personnel accredited training focusing on employee engagement, business relations and customer satisfaction.

The Company involves employees through formal and informal systems of communication and consultation including suggestion schemes and works council forums. Each of the Company's main operating sites have display boards which set out the Company's continuous improvement strategy and include KPIs updated each month on areas relevant to the Company's strategy, such as health and safety performance, products and process improvement initiatives, and customer satisfaction performance.

While the Company does not have a specific human rights policy, it is a subsidiary of Genuit Group plc (formerly Polypipe Group plc) which does have an Anti-Slavery policy and a Modern Slavery Act Transparency statement available on its website, within which the zero-tolerance policy towards modern slavery or human trafficking rights violations are stated.

The Company gives every consideration to applicants for employment regardless of their sex, sexual orientation, religion, colour, race, nationality, marital status or disability having regard for their aptitude and ability to adequately perform the role while maintaining a safe working environment. Where employees become disabled, the Company makes appropriate and reasonable adjustments to their work environment and/or duties, endeavouring to maintain their employment wherever possible and practicable.

Environment

The Company aims to minimise the lasting impact of operations on the environment, and sustainability is a key feature of our products and their impact on the environment. The Directors continued aim is to comply with all applicable legislation.

Disclosure of information to auditors

Each of the Directors has confirmed that as at the date of this report:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all reasonable steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

DIRECTORS' REPORT

Going concern

The Company continues to meet its day-to-day working capital and other funding requirements through a combination of cash generated from operations, cash deposits and long-term funding from the Group as required.

The Directors have made enquiries into the adequacy of the Company's financial resources, through a review of the Group's budget and medium-term financial plan, including cash flow forecasts. The Group has modelled a range of scenarios, with the base forecast being one in which, over the 15 months ending 31 December 2022, sales gradually recover to pre-Covid-19 levels and then grow in line with construction industry forecasts.

In addition, the Directors have considered several downside scenarios, including adjustments to the base forecast, a period of significantly lower like-for-like sales, profitability and cash flows. Consistent with the Group's Principal Risks and Uncertainties these downside scenarios included, but were not limited to, loss of production, loss of a major customer, product failure, recession, increases in interest rates and increases in raw material prices. Downside scenarios also included a combination of these risks, and reverse stress testing.

As a result, the Directors have satisfied themselves that the Company has adequate financial resources to continue in operational existence for a period of at least the next 15 months. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Auditor

A resolution to re-appoint Ernst & Young LLP as the Company's external auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

E G Versluys
Secretary
29 September 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

UK company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK 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 the financial statements, the Directors are required to:

- present fairly the financial position and financial performance of the Company;
- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements that are reasonable;
- 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 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.

SURESTOP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SURESTOP LIMITED

Opinion

We have audited the financial statements of Surestop Limited (the 'Company') for the year ended 31 December 2020 which comprise the Balance Sheet, the Statement of changes in equity and the related notes 1 to 18, including a summary of significant accounting policies The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included understanding the forecast future cashflows, the impact of downside scenarios on the Company's ability to continue as a going concern, and the consistency of management's forecast growth rate with external industry forecasts.

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 15 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

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 this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SURESTOP LIMITED

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 directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

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.

Explanation as to what extent the audit was considered 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 irregularities, including fraud. 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 or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 101 "Reduced Disclosure Framework" and Companies Act 2006).
- We understood how the Company is complying with those frameworks by making enquiries of management and those responsible for compliance and legal matters. We corroborated our enquiries through our review of Board minutes and consideration of the results of our audit procedures performed across the Company, including audit procedures in respect of the compliance of these financial statements with the disclosure requirements of FRS 101 and the Companies Act 2006.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur in relation to financial reporting and the effectiveness of the Company's controls and procedures in respect of fraud prevention.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved assessing the appropriateness of account estimates and judgements made by management, reviewing any manual journals which have a higher susceptibility to management override of controls, assessing the compliance of the financial statements with the required reporting frameworks, and assessing the Company's compliance with the applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located 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.

Ernst & Young LLP

Christabel Cowling (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds, UK
30 September 2021

INCOME STATEMENT
For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Turnover		**1,577**	2,115
Cost of sales		**(479)**	(538)
Gross profit		**1,098**	1,577
Other operating income	*5*	**72**	-
Distribution costs		**(22)**	(27)
Administration expenses		**(891)**	(883)
Operating profit	*6*	**257**	667
Profit on disposal of fixed assets		**-**	6
Profit on ordinary activities before interest and taxation		**257**	673
Interest receivable and similar income	*9*	**-**	4
Profit on ordinary activities before taxation		**257**	677
Tax on profit on ordinary activities	*10*	**12**	2
Profit for the year	*17*	**269**	679

All results are derived from continuing operations.

There was no other comprehensive income or expense in the periods presented, therefore no statement of comprehensive income has been prepared. Total comprehensive income is equal to the profit for the year in the periods presented.

SURESTOP LIMITED

BALANCE SHEET
At 31 December 2020

	Notes	31 December 2020 £'000	31 December 2019 £'000
Fixed assets			
Tangible assets	11	704	642
Intangible assets	12	38	45
Total non-current assets		742	687
Current assets			
Stocks	13	353	338
Debtors	14	4,756	3,628
Cash and cash equivalents		415	1,150
		5,524	5,116
Creditors: amounts falling due within one year	15	(452)	(258)
Net current assets		5,072	4,858
Total assets less current liabilities		5,814	5,545
Net assets		5,814	5,545
Capital and reserves			
Share capital	16	55	55
Share premium reserve	17	3	3
Retained earnings	17	5,756	5,487
Total equity		5,814	5,545

These financial statements were approved for issue by the Board of Directors and signed on its behalf by:

P A James
Director
29 September 2021

Company Registration No. 05873694

The accompanying Notes are an integral part of these financial statements.

SURESTOP LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Share capital £'000	Share premium reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2019	**55**	**3**	**4,808**	**4,866**
Profit for the year			679	679
Total comprehensive income for the year	**-**	**-**	**679**	**679**
At 31 December 2019	**55**	**3**	**5,487**	**5,545**
Profit for the year	-	-	269	269
Total comprehensive income for the year	**-**	**-**	**269**	**269**
At 31 December 2020	**55**	**3**	**5,756**	**5,814**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. Authorisation of financial statements

The financial statements of Surestop Limited for the year ended 31 December 2020 were authorised for issue by the Board of Directors on 29 September 2021 and the balance sheet was signed on the Board's behalf by P A James.

Surestop Limited is a private company limited by shares incorporated and domiciled in England and Wales. The Registered Office of the Company is Broomhouse Lane, Edlington, Doncaster, South Yorkshire, DN12 1ES.

2. Accounting policies

2.1 Basis of preparation

The financial statements of Surestop Limited have been prepared in accordance with FRS 101 and in accordance with applicable accounting standards. The financial statements are prepared under the historical cost convention.

The financial statements are prepared in Pounds Sterling and are rounded to one thousand pounds (£'000) unless otherwise indicated.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2020.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1, and paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Error; and
- the requirements of IFRS 15 Revenue from Contracts with Customers and in particular paragraphs 110, 113(a), 114, 115, 118, 119(a)-(c), 120-127 and 129.

2.2 Going concern

The Company continues to meet its day-to-day working capital and other funding requirements through a combination of cash generated from operations, cash deposits and long-term funding from the Group as required.

The Directors have made enquiries into the adequacy of the Company's financial resources, through a review of the Group's budget and medium-term financial plan, including cash flow forecasts. The Group has modelled a range of scenarios, with the base forecast being one in which, over the 15 months ending 31 December 2022, sales gradually recover to pre-Covid-19 levels and then grow in line with construction industry forecasts.

In addition, the Directors have considered several downside scenarios, including adjustments to the base forecast, a period of significantly lower like-for-like sales, profitability and cash flows. Consistent with the Group's Principal Risks and Uncertainties these downside scenarios included, but were not limited to, loss of production, loss of a major customer, product failure, recession, increases in interest rates and increases in raw material prices. Downside scenarios also included a combination of these risks, and reverse stress testing.

As a result, the Directors have satisfied themselves that the Company has adequate financial resources to continue in operational existence for a period of at least the next 15 months. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.3 Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods transfers to the customer at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods.

Sale of Goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Our most commonly used standard payment terms are 30 days net end of month.

2.4 Income taxes

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities based on income tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same tax authority and that authority permits the Company to make a single net payment.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the income tax rates that are expected to apply when the asset is realised or the liability is settled, based on income tax rates and tax laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are charged or credited directly to equity. Otherwise, income tax is recognised in the income statement.

2.5 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to the income statement over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on the cost less residual value of tangible fixed assets, and is on a straight-line basis over its expected useful life as follows:

Freehold land	Nil
Freehold buildings	Over expected economic life not exceeding 50 years
Plant and other equipment	4 to 10 years

The carrying amounts of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying amount may not be recoverable, and are written down immediately to their recoverable amount. Useful lives, residual values and depreciation methods are reviewed at each financial year end and where adjustments are required these are made prospectively.

Tangible fixed assets and any significant part initially recognised is derecognised upon disposal or where no future economic benefits are expected to arise from the continued use of the asset. Any profit or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

2.7 Intangible assets and amortisation

Intangible assets are carried at cost or fair value less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortised on a straight-line basis over their useful economic life and are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortisation of intangible assets is provided over the following expected useful lives:

Patents	10 years

2.7 Intangible assets and amortisation (continued)

Research and Development costs

Research costs are expensed as incurred. Development expenditures on individual projects are recognised as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

At the balance sheet date, no development costs have met the above criteria.

2.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debtors that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not recognised at FVTPL, transaction costs. Trade debtors that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Company's financial assets include cash and cash equivalents, trade debtors and amounts owed by group undertakings.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification. The Company does not currently hold any fair value through other comprehensive income financial assets.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes cash and cash equivalents, trade debtors and amounts owed by group undertakings.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

2.8 Financial instruments (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

The Company recognises an allowance for expected credit losses (ECLs) for all financial assets not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For trade debtors, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each balance sheet date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade creditors and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as held for trading unless they are designated as effective hedging instruments. Profits or losses on liabilities held for trading are recognised in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts, together with any costs or fees incurred, is recognised in the income statement.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

- Raw materials - purchase cost on a first-in, first-out basis.
- Finished goods - cost of direct materials and labour plus attributable overheads based on a normal level of activity, excluding borrowing costs.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Provision is made where necessary for obsolete, slow moving and defective stocks.

2.10 Pensions

The Company operates a defined contribution pension plan. Contributions payable in the year are charged to the income statement. The assets are held separately from those of the Company in an independently administered fund. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

3. Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, management have not made any significant judgements or estimates.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

4. New and amended accounting standards and interpretations

Accounting standards or interpretations which have been adopted in the year

There were no accounting standards or interpretations that have become effective in the year which had an impact on disclosures, financial position or performance.

Accounting standards or interpretations issued but not yet effective

There were no accounting standards or interpretations issued which have an effective date after the date of these financial statements that the Company reasonably expects to have an impact on disclosures, financial position or performance.

5. Other operating income

	2020 £'000	2019 £'000
Government grants	72	-

Government grants are in respect of the Coronavirus Job Retention Scheme. There are no unfulfilled conditions or contingencies attached to these grants.

6. Operating profit

This is stated after charging:

	2020 £'000	2019 £'000
Depreciation	86	81
Amortisation of intangible assets	13	12

7. Auditor's remuneration

The Company paid the following amounts to the Company's auditor in respect of the audit of the financial statements.

	2020 £'000	2019 £'000
Audit of the Company's annual financial statements	15	15

The Company has taken the exemption not to disclose amounts paid for non-audit services as these are disclosed in the Group consolidated financial statements of its ultimate parent Genuit Group plc.

8. Staff costs and Directors' remuneration

Staff costs for the year were:

	2020 £'000	2019 £'000
Wages and salaries	557	530
Social security costs	70	87
	627	617

The average number of persons employed by the Company during the year, by category, was as follows:

	2020 No.	2019 No.
Production	5	5
Selling and distribution	4	4
Administration	8	8
	17	17

Directors' remuneration

The remuneration of the Directors who served during the year was paid by the ultimate parent Genuit Group plc. These Directors are also Directors of the ultimate parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries. Accordingly, their total remuneration is included in the aggregate of Directors' remuneration disclosed in the consolidated financial statements of the ultimate parent company.

9. Interest receivable and similar income

	2020 £'000	2019 £'000
Bank interest receivable	-	4

10. Income taxes

(a) Tax credited in the income statement

	2020 £'000	2019 £'000
Current income tax:		
Current tax on profits for the year	3	-
Total current income tax	3	-
Deferred income tax:		
Current year	(11)	(6)
Effect of changes in income tax rates	(2)	1
Adjustments in respect of prior years	(2)	3
Total deferred income tax	(15)	(2)
Total tax credit reported in the income statement	(12)	(2)

(b) Reconciliation of the total tax credit

A reconciliation between income tax in the income statement and the product of accounting profit on ordinary activities before taxation multiplied by the UK's standard income tax rate for the years ended 31 December 2020 and 2019 is as follows:

	2020 £'000	2019 £'000
Accounting profit on ordinary activities before taxation	257	677
Accounting profit on ordinary activities before taxation multiplied by the UK standard rate of income tax of 19.0% (2019: 19.0%)	49	129
Expenses not deductible for income tax	1	8
Effects of patent box	(22)	(59)
RDEC Step 2	3	-
Adjustments in respect of prior years	(3)	3
Group relief at nil consideration	(38)	(84)
Effects of other tax rates / credits	(2)	1
Total tax credit reported in the income statement	(12)	(2)

(c) Deferred income tax

The deferred income tax included in the Company balance sheet is as follows:

	31 December 2020 £'000	31 December 2019 £'000
Deferred income tax asset	29	14

The Company offsets income tax assets and liabilities if and only if it has a legally enforceable right to set off current income tax assets and current income tax liabilities and the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same tax authority.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

10. Income taxes (continued)

(d) Change in corporation tax rate

The Finance (No.2) Act 2015 reduced the main UK corporation tax rate to 19%, effective from 1 April 2017. A further reduction in the main UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by the Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the rate, thereby maintaining the current rate of 19%. Deferred income tax on the balance sheet has been measured at 19% (2019: 17%) which represents the future main UK corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing Covid-19 pandemic. These included an increase to the main UK corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred income tax balances at the year end.

11. Tangible assets

	Freehold land and buildings	Plant and other equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2020	420	803	1,223
Additions	-	148	148
At 31 December 2020	420	951	1,371
Depreciation			
At 1 January 2020	42	539	581
Provided during the year	3	83	86
At 31 December 2020	45	622	667
Net book value:			
At 31 December 2020	**375**	**329**	**704**
At 1 January 2020	378	264	642

12. Intangible assets

	Patents
	£'000
Cost	
At 1 January 2020	92
Additions	6
At 31 December 2020	98
Amortisation	
At 1 January 2020	47
Amortisation	13
At 31 December 2020	60
Net book value:	
At 31 December 2020	**38**
At 1 January 2020	45

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

13. Stocks

	31 December 2020 £'000	31 December 2019 £'000
Raw materials	301	250
Finished goods	52	88
	353	338

All stocks are carried at cost less a provision to take account of slow moving and obsolete items. There was no stock provision at 31 December 2020 (2019: £nil).

14. Debtors

	31 December 2020 £'000	31 December 2019 £'000
Trade debtors	339	268
Prepayments	34	25
Income tax	10	-
Deferred income tax (Note 10)	29	14
Amounts owed by group undertakings	4,344	3,321
	4,756	3,628

Trade debtors are non-interest bearing and are generally settled on 30 days' credit.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

15. Creditors: amounts falling due within one year

	31 December 2020 £'000	31 December 2019 £'000
Trade creditors	224	118
Taxation and social security	122	77
Accruals and deferred income	106	63
	452	258

Trade creditors are non-interest bearing and generally settled on 30 to 60 day terms.

16. Share capital

Authorised share capital:

	31 December 2020 Number*	31 December 2020 £'000	31 December 2019 Number*	31 December 2019 £'000
Ordinary A shares of £1 each	50	50	50	50
Ordinary B shares of £1 each	5	5	5	5
		55		55

Allotted, called up and fully paid:

	31 December 2020 Number*	31 December 2020 £'000	31 December 2019 Number*	31 December 2019 £'000
Ordinary A shares of £1 each	50	50	50	50
Ordinary B shares of £1 each	5	5	5	5
		55		55

** Thousands of shares*

The ordinary A shares are voting non-redeemable shares and rank equally with the ordinary B shares as to dividends and any return of capital on winding up. The Ordinary B shares are non-voting, non-redeemable shares.

17. Reserves

	Share premium reserve	Retained earnings
	£'000	£'000
At 1 January 2020	3	5,487
Profit for the year	-	269
At 31 December 2020	**3**	**5,756**

18. Parent company and ultimate parent company

The Company's immediate parent company is Polypipe Limited, a company incorporated in England and Wales. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Genuit Group plc (formerly Polypipe Group plc). Copies of Genuit Group plc's consolidated financial statements can be obtained from the Registrar of Companies, Companies House, 3 Crown Way, Cardiff, CF14 3UZ.