

IBP Global Trading Limited

Report and financial statements

Year ended

31 December 2022

Company number: 07577071



IBP Global Trading Limited

Annual report and financial statements
for the year ended 31 December 2022

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Country of incorporation of parent Company:	England
Legal form:	Limited
Registered office:	Global House, 95 Vantage Point, Pensnett Trading Estate, Kingswinford, West Midlands, DY6 7FT
Company number:	07577071
Directors:	Manouchehr Salehi Bakhtiari Chih-Fan Tang
Auditors:	BDO LLP, Two Snowhill, Birmingham, B4 6GA

IBP Global Trading Limited

Strategic report for the year ended 31 December 2022

The Directors present their strategic report together with the audited financial statements for the year ended 31 December 2022.

Review of Business

During the year turnover was stable at £196.4m with most markets able to maintain the increases seen in 2021.

Investment continued with a focus on new technologies as the market continued the trend towards sustainable products in line with current environmental policies.

Sales mix in the year reflected the ongoing move toward advanced innovative products away from the more traditional.

The impact of commodity prices was reflected in the trading figures as well as the underlying working capital values.

Profit before tax for the year was £26.6m through management's focus on all aspects of the business and reflecting the philosophy of maintaining strong relationships both with our suppliers and customers.

Close control was maintained across the whole business as operations returned to normal post the pandemic and supply chains felt the benefit of more capacity within the market.

This focus also helped manage the cashflows of the operations with close cooperation from all stakeholders including banks and insurers.

As in previous years investment into key areas including products and markets remained a fundamental element of management's focus through the year. As the impact of the pandemic diminished focus was also increased on the investment needed to support employees returning after restrictions were lifted.

There is ongoing work to develop the business organically, and regionally there has been a focus on new market strategies that allow us to maintain support for customers locally as well as from the centre. This continues to underpin the strong relationships that have been built over many years.

The impact of the higher commodity prices coupled with pressure from increases in other production costs were reflected in the performance for 2022. The Group was able to adapt to the changing economic conditions but despite the underlying business strength the pre-tax profit was impacted.

As the restrictions around the pandemic were removed demand was maintained across most markets which supported the turnover figures throughout 2022. There was a reduction in the level of new constructions, but improved refurbishment and commercial demand was able to recover the shortfall to close 0.1% lower than in 2021.

The support from HSBC Commercial Finance has been fundamental to the stability of the business and they continue to support the business plans of the Group as a strategic partner.

IBP Global Trading Limited

Strategic report for the year ended 31 December 2022 (continued)

The Group's key financial and other performance indicators used during the year were as follows:

	2022 £000s	2021 £000s	Change
Turnover	196,364	196,635	(0.1%)
Profit before tax	26,632	30,968	(14.0%)
Profit for the Year	22,868	25,105	(8.9%)
Shareholders' Equity	74,039	64,189	15.4%
Return on Capital	39.7%	55.4%	
Debtor days	45.7	43.9	
Inventory turns	2.0	2.1	

Service continues to be an important factor for the Group to manage and maintain its strong relationships with its customer base.

Part of this is the constant review of service levels against stock holding and in the year it was positive to see an improved service level and a stable number of stock turns compared to 2021.

The number of days stock increased slightly to 178 (2021 - 172). The Group maintained its tradition of intercompany trading with continued capital investment in both its production plants to improve capacity in 2022.

During the year changes in market mix and demand together with foreign exchange movements were reflected in the closing stock and debtor balances.

The increased cost of commodities was reflected in the working capital figures for 2022 as stock values increased in line with turnover and prices.

The impact of the increases seen in commodity prices and other production costs were reflected in the trading result with profit after tax closing at £22.9m (2021 - £25.1m). The increase seen in net assets to £74.0m (2021 - £64.2m) shows the strength of the Group balance sheet.

The trading result for the year together with positive asset management were able to support a reduction in liabilities during 2022 as detailed on pages 18 and 19.

As part of IBP Global Trading Limited's annual reporting requirements we have to provide updated information on our energy consumption during the year.

This information has been summarised in respect of the UK companies and the following paragraphs show the attention being given to this across the Group with initiatives being examined to improve as we move forward.

Consumption (kWh) and Greenhouse Gas emissions (tCO₂e) Totals

The following figures make up the baseline reporting for IBP Global Trading Ltd, as 2020 was the first year that IBP Global Trading Ltd are required to report this information.

Scope 1 consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as Company vehicle fleets.

Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day-to-day business operations.

Scope 3 consumption and emissions relate to emissions resulting from sources not directly owned by us. This relates to grey fleet (business travel undertaken in employee-owned vehicles) only.

IBP Global Trading Limited

Strategic report
for the year ended 31 December 2022 (continued)

Totals

The total consumption (kWh) figures for energy supplies reportable by IBP Global Trading Ltd are as follows:

Utility and Scope	2022 UK Consumption (kWh)	2021 UK Consumption (kWh)
Grid-Supplied Electricity (Scope 2)	231,677	201,361
Gaseous and other fuels (Scope 1)	666,522	708,007
Transportation (Scope 1)	210,219	193,658
Transportation (Scope 3)	17,165	18,830
Total	1,125,583	1,121,856

The total emission (tCO2e) figures for energy supplies reportable by IBP Global Trading Ltd are as follows:

Utility and Scope	2022 UK Consumption (tCO2e)	2021 UK Consumption (tCO2e)
Grid-Supplied Electricity (Scope 2)	45	43
Gaseous and other fuels (Scope 1)	122	130
Transportation (Scope 1)	48	45
Transportation (Scope 3)	4	4
Total	219	222

Intensity Metric

An intensity metric of tCO2e per FTE has been applied for the annual total emissions of IBP Global Trading Ltd. An intensity metric of tCO2e per Total Sales Revenue (£m) has been applied to the annual total emissions of IBP Global Trading Ltd. The results of this analysis is as follows:

Intensity Metric	2022 UK Intensity Metric	2021 UK Intensity Metric
tCO2e per FTE	2.8	2.6
tCO2e per Total Sales Revenue	1.2	1.2

IBP Global Trading Limited

Strategic report for the year ended 31 December 2022 (*continued*)

Energy Efficiency Improvements

IBP Global Trading Ltd are committed to year-on-year improvements in their operational energy efficiency. As such, a register of energy efficiency measures available to IBP Global Trading Ltd has been compiled, with a view to implementing these measures in the next 5 years.

Measures ongoing and undertaken through 2022:

IBP Global Trading Ltd have not implemented any energy efficiency measures during the reporting period, but we remain committed to year-on-year improvements in our operational energy efficiency.

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

The board of Directors consider that the decisions they have made during the financial year and the way they have acted have promoted the success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act). The Board meets on a monthly basis and the agenda typically includes reports on current trading and financial performance from all operational Directors and CFO, legal and governance updates, a review of the performance against the aims of the strategic plan and more detailed discussions in areas of particular importance as they evolve during the year. The Board considers the Group's key stakeholders to include employees, shareholders, customers, suppliers and the local community.

Long-term decisions

The Board discussed proposals for new business opportunities, capital expenditure and factory improvement initiatives. Whilst financial benefit and shareholder return is one of the key decision criteria, the long term effect on the Group's going concern, the environment, job security for our employees, value and service for our customers and fair trading terms with our suppliers were all considered too. The Board recognises its responsibility to act fairly between all its stakeholders.

Customers and suppliers

Our engagement with customers and suppliers continues to develop and evolve in line with the requirements of the markets and any regulatory and operational changes that have been implemented. The Board recognises that fostering these relationships along with maintaining the Group's reputation for high standards of business conduct is essential for the Group's long-term success. We have strong Commercial teams in the main operational sites and key account managers for all customers. Their focus is 100% customer satisfaction and continual innovation to meet the demands of a constantly changing market place. There has been continuing development to improve the Group's supply chain, with the focus on maintaining operational efficiency whilst increasing the service levels seen by our customers. Dedicated purchasing and quality professionals regularly visit our suppliers to maintain competitive but fair prices and ensure environmental and ethical policies are adhered to.

Employees

Our employees have been fundamental to the success of the Group. The Board aims to be a responsible employer and ensures that pay and benefits are fair and competitive. The health, safety and well-being of the Group's employees is the Board's primary consideration.

The Board received the results of the 2022 employee reviews and continues to develop plans to further improve this during 2023. These will include encouraging the development of individuals through enhanced training, promoting the increased support of local community initiatives, constant review and investment to improve the conditions in all of our operations and increased feedback from the Board through the use of internal information technology platforms and a new HR portal

Our Human Resource team along with our management team identify career paths and encourage employees to maximise their potential through internal and external training, coaching and regular formal and informal performance appraisal.

IBP Global Trading Limited

Strategic report for the year ended 31 December 2022 (*continued*)

Trading updates

The Board considered trading performance from across the Group's operations, discussed operational issues including long term investment plan, stock availability, factory performance, sales and margin.

Strategic Plan

The Board discussed the foundations of the 24-26 three year plan.

In order to formulate the plan, the Board has considered management's assessment of recent trading performance, market trends including transition to more environmental sustainability and regulatory changes, the Group's competitive position and efficiency of the manufacturing footprint. Based on the above and in light of the uncertainty from economic forecasters the Board re-confirmed the Group's mission and vision and agreed a budget for 2023 with agreement to provide a strategic plan for the next three years in 2023; the plan would encompass identification of the desired growth opportunities, development of the strategy to create capacity for this growth, and necessary enhancement of the Group's manufacturing and organisational capability.

Financial updates

The Board discussed performance against budget with particular focus on underperforming parts of the business, reviewed the monthly rolling forecast, discussed funding requirements, reviewed liquidity position and considered payment of shareholder dividends. It continued to review the effect of BREXIT and its impact on service levels and profitability.

Sustainability

The Board is aware of its responsibility to safeguard the environment. To this end investment in our manufacturing and logistics facilities with emphasis on avoiding waste and reducing the energy consumption has been a focus for 2022. We continue to review the product cycle to ensure that all areas of the process are focussed on reducing the impact on the environment whilst ensuring there is no impact on the continuity or quality of supply to our customers. We continue to review energy consumption across the operational sites and implement electricity saving projects in both office and logistics environments where appropriate. These are constantly being challenged alongside process improvements to ensure that we focus on the impact to the environment of not only the materials we consume but those that we supply back to the market.

Future developments

Despite the volatility in commodity prices the Group continued to focus on its core manufacturing activities and as a result both traditional and new markets were able to maintain stability in 2022 compared to the prior year. The continuing extension of ranges and specific new product launches also maintained interest and both segments are expected to deliver positive results in 2023. The continuing investment and upgrades to the manufacturing facilities were able to improve capacity in 2022 and were used to support the improved service to customers throughout the year.

IBP Global Trading Limited

Strategic report for the year ended 31 December 2022 (*continued*)

Principal risks and uncertainties

The Group's products are based on a small number of metals where prices can fluctuate considerably over the period. In addition, the key metal supplies have always been priced in USD. The Group seeks to minimise these risks by hedging its foreign exchange in whole or in part wherever it identifies an opportunity to do so.

Group policies are aimed at minimising credit losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures.

Investments in fixed assets and working capital are carefully controlled, with authorisation limits operating at different levels up to board level and with the rates of return and cash payback periods applied as part of a defined investment process.

A number of tools are used by the Group to monitor these risks with the number of debtors and creditors days together with stock turn providing monthly information to the Directors. In addition to these, feedback on service levels is reviewed with the calculated service measures enabling management to quantify the impact of policy changes on the customer experience.

Going concern

At the year end, the Group had net assets of £74.0m (2021 - £64.2m), including cash and cash equivalents of £4.4m (2021 - £8.4m). In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for a period of at least 12 months from the date of the approval of the financial statements.

The Group is funded by cash flows generated from trading, leases for certain capital expenditure items and funding provided by banks. The funding provided by banks is generally based on a percentage of trade receivables and inventories, with separate tangible assets facilities. The funding provided by banks is generally secured on related assets and is subject to non-financial covenants.

The facilities connected to operations in the UK were renewed in August 2021, with the facilities being extended at the same level until at least August 2024. The facilities connected to operations in Poland are scheduled for renewal in February 2023, having been renewed in February 2022. Based on discussions with the bank, the Directors are confident that the facilities expiring in February 2023 will be rolled-over at that date (and at the same level) and for at least the period to June 2024. The other facilities are not due for renewal during the period to June 2024.

The Directors have prepared a detailed profit and cash flow forecast ("the forecast") for the period to June 2024 ("the forecast period") which shows the Group trading, financial position, cash flows and expected available bank facilities for the forecast period. As noted above, the available bank facilities change on a monthly basis as the values of trade receivables and inventories change. The forecast shows that the Group will be able to operate and meet its external liabilities as they fall due for payment during the forecast period within its available bank facilities and other funding provided from banks. The forecast also shows that the Group will continue to meet its covenant requirements during the forecast period.

The Directors continue to monitor the risk and impact of the war in Ukraine and the implications of sanctions on the territories and customers it trades with in order to comply with all international agreements.

Given the geographic coverage of the Group, the Directors have not experienced significant down-side implications resulting from the exit from the European Union.

IBP Global Trading Limited

Strategic report
for the year ended 31 December 2022 (continued)

Going Concern (continued)

Given the continued uncertainties in forecasting in this period, the Directors have considered certain sensitivities, as well as a stress test on revenue, to identify possible key pressure points on the cash flows of the Group during the forecast period and considered mitigating actions that they can put in place if required - such as obtaining additional funding from existing banks, obtaining short term funding from the parent Company or holding of dividend payment, active management of working capital and general cost reduction measures. The conclusion of the assessment completed by the Directors is that the Group could sustain the sensitivities applied without exceeding its available bank facilities and other funding provided from banks. However, the Directors remain of the view that the base forecast presents a reasonable assessment of trading and cash flows over the forecast period. The Directors acknowledge that whilst uncertainty exists, it does not pose a material uncertainty that would cast doubt on the Group's ability to continue to operate and meet its external liabilities as they fall due for payment during the forecast period.

After careful consideration of the aforementioned factors and other factors connected to the continued impact of the war in Ukraine on the Group, the Directors consider that the forecast prepared to June 2024 is achievable. The Directors also consider that the available bank facilities and other funding provided from banks will continue to be in place throughout the forecast period and that the headroom within the forecast should be sufficient to enable the Group to operate and meet its external liabilities as they fall due for payment throughout the forecast period, which is a period of at least 12 months from signing of the financial statements. On this basis the Directors consider that it is appropriate to prepare the financial statements on the going concern basis.

On behalf of the board



Manouchehr Salehi Bakhtiari
Director

Date 22/5/23

IBP Global Trading Limited

Directors' report for the year ended 31 December 2022

The Directors present their report together with the audited financial statements for the year ended 31 December 2022.

The review of the business, key performance indicators, future developments, research and development, financial risk management and the principal risks and uncertainties are shown in the Strategic Report.

Results and dividends

The consolidated statement of comprehensive income is set out on page 15 and shows the profit for the year.

Interim dividends of £14,8m(2021 - £9,15m) were paid to the ordinary shareholders. A final dividend of £Nil (2021 - £Nil) has been proposed.

Indemnity provision

Third party indemnity cover for the Directors was in place during the financial period and at the period end.

Financial instruments

Details of the use of financial instruments by the Group are contained in note 22 of the financial statements.

Employment of disabled persons

The Company and Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the Company and Group. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the Company and Group.

Employee involvement

Members of the management team regularly visit branches and discuss matters of current interest and concern to the business with members of staff.

Equal opportunities

The Group is committed to the principle of equal opportunity in employment and to ensure that no applicant or employee receives less favourable treatment on the grounds of gender, race, age, colour, nationality, religion, HIV status, disability, sexuality, unrelated criminal convictions or other unjustified requirements or conditions.

The Group applies employment policies that are fair and equitable and that ensure entry into, and progression within the Company determined solely by application of job criteria, personal ability and competence.

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

Further information about how the Directors have engaged with employees, how they have had regard to employee interest, and the effect of that regard can be found in the strategic report. A summary of how the Directors have had regard to the need to foster the Group's business relationships with suppliers, customers and others, and the effect of that regard can also be found in the strategic report.

IBP Global Trading Limited

Directors' report for the year ended 31 December 2022 (continued)

Research and development

The Group actively participates in product development through a team at its UK headquarters, supported by teams in the operational facilities in Poland and Spain. It continually seeks to review current production items in addition to new product requests it receives from its customers.

Post Balance Sheet Events

There have been no significant events affecting the Group since the year end.

Directors

The Directors of the Company during the year and at the date of signing of financial statements were:

Manouchehr Salehi Bakhtiari
Chih-Fan Tang

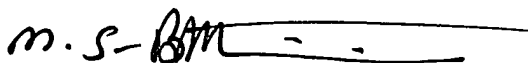
Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Approval

This Directors' Report was approved by order of the Board on 22/5/23



Manouchehr Salehi Bakhtiari
Director

Date 22/5/23

IBP Global Trading Limited

Directors' responsibilities statement for the year ended 31 December 2022

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with UK adopted international accounting standards (United Kingdom Accounting Standards and applicable law).

The Directors have elected to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 "Reduced Disclosure Framework" ("FRS 101") 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 Group and Company and of the profit or loss of the Group and parent 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;
- for the Group financial statements, state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- for the Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the 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.

Approval

This Statement was approved by order of the Board on 22/5/23



Manoucher Salehi Bakhtiari
Director

IBP Global Trading Limited

Independent auditor's report for the year ended 31 December 2022

Independent auditor's report to the members of IBP Global Trading Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of IBP Global Trading Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of cash flows, the Consolidated statement of changes in equity, the Parent Company balance sheet, the Parent Company 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 the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice) in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions 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 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 Group and the Parent 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 Group or Parent 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.

IBP Global Trading Limited

Independent auditor's report for the year ended 31 December 2022(continued)

Conclusions relating to going concern (continued)

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Report and financial statements, 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 Group and the Parent 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

IBP Global Trading Limited

Independent auditor's report for the year ended 31 December 2022(*continued*)

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Group or the Parent 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.

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:

We gained an understanding of the legal and regulatory framework applicable to the Group and Parent Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006, the principles of United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of financial statements disclosures to underlying supporting documentation;
- review of the Group's and Parent Company's accounting policies for non-compliance with relevant standards;
- enquiries of management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;

IBP Global Trading Limited

Independent auditor's report for the year ended 31 December 2022(continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- review of correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations;
- review of minutes of Directors' board meetings throughout the year; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates. We addressed this risk through testing of journals, assessing and challenging the significant accounting estimates made and evaluating whether there was any evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

G A Watts

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Greg Watts (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham, UK
22 May 2023

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

IBP Global Trading Limited

Consolidated statement of comprehensive income for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	3	196,364	196,635
Cost of sales		(139,751)	(133,110)
Gross profit		56,613	63,525
Administrative expenses (including foreign exchange gains and losses)		(10,467)	(12,808)
Distribution expenses		(18,694)	(19,482)
Profit from operations	4	27,452	31,235
Finance expense	8	(829)	(589)
Finance income	8	9	322
Profit before tax		26,632	30,968
Taxation	9	(3,764)	(5,863)
Profit after tax		22,868	25,105
Other comprehensive income/(loss):			
<i>Items that may be reclassified to profit or loss</i>			
Exchange loss arising on translation of foreign operations		809	(624)
<i>Items that will not be reclassified to profit or loss</i>			
Change in assumptions on right of use assets		143	-
Actuarial gain on defined benefit pension scheme	18a	828	276
Other comprehensive income /(expense) for the year, net of tax		1,780	(348)
Total comprehensive income		24,648	24,757

The notes on pages 22 to 57 form part of these financial statements

IBP Global Trading Limited

Consolidated statement of financial position as at 31 December 2022

<i>Company number 07577071</i>	Note	2022 £'000	2021 £'000
Assets			
Current assets			
Inventories	13	68,173	62,809
Trade and other receivables	14	19,789	22,141
Cash at bank and in hand		4,421	8,384
		<hr/>	<hr/>
		92,383	93,334
Non-current assets			
Property, plant and equipment	10	16,955	14,833
Right of use assets	16	10,737	11,733
Intangible assets	11	5,833	6,073
Deferred tax	17	122	144
		<hr/>	<hr/>
		33,647	32,783
Total assets		<hr/>	<hr/>
		126,030	126,117
Liabilities			
Current liabilities			
Trade and other payables	15	(34,997)	(42,339)
Leases	16	(3,157)	(3,004)
		<hr/>	<hr/>
		(38,154)	(45,343)
Non-current liabilities			
Leases	16	(6,731)	(8,237)
Deferred tax	17	(355)	(289)
Other payables	15	(1,396)	(1,724)
		<hr/>	<hr/>
		(8,482)	(10,250)
Provisions	18	(527)	(569)
Pension scheme liabilities	18a	(4,828)	(5,766)
		<hr/>	<hr/>
		(5,355)	(6,335)
Total liabilities		<hr/>	<hr/>
		(51,991)	(61,928)
Net assets		<hr/>	<hr/>
		74,039	64,189

The notes on pages 22 to 57 form part of these financial statements

IBP Global Trading Limited

Consolidated statement of financial position as at 31 December 2022 (*continued*)

	Note	2022 £'000	2021 £'000
Issued capital and reserves attributable to owners of the parent			
Share capital	19	19,800	19,800
Foreign exchange reserve	20	(302)	(1,111)
Retained earnings	20	54,541	45,500
		<hr/>	<hr/>
Total equity		74,039	64,189
		<hr/>	<hr/>

The financial statements were approved and authorised for issue by the Board of Directors on 22/5/23 and were signed on its behalf by:



Manouchehr Salehi Bakhtiari
Director

The notes on pages 22 to 57 form part of these financial statements

IBP Global Trading Limited

Consolidated statement of cash flows for the year ended 31 December 2022

	2022 £'000	2021 £'000
Cash flows from operating activities		
Profit for the year	22,868	25,105
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment (inc ROU assets)	4,799	5,021
Loss on sale of property, plant and equipment	44	21
Amortisation of intangible fixed assets	598	653
Impairment of intangible assets	-	-
Finance income	(9)	(322)
Finance expense	767	523
Finance expense – pension	62	66
Income tax charge	3,764	5,863
Difference between defined benefit pension expense and contributions	(422)	(429)
	32,471	36,501
Change in working capital (including foreign exchange movements)	(10,794)	(13,484)
Finance income	9	322
Finance costs	(767)	(523)
Cash generated from operations	20,919	22,816
Income taxes paid	(4,070)	(5,170)
Net cash flows from operating activities	16,849	17,646

The notes on pages 22 to 57 form part of these financial statements

IBP Global Trading Limited

Consolidated statement of cash flows for the year ended 31 December 2022 (continued)

	2022 £'000	2021 £'000
Net cash flows from operating activities brought forward	16,849	17,646
Investing activities		
Purchases of property, plant and equipment	(3,534)	(3,204)
Purchase of intangibles	(358)	(408)
Proceeds from sales of property, plant and equipment	54	211
Net cash used in investing activities	(3,838)	(3,401)
Financing activities		
Movement in debt factoring	(34)	458
New capital loan facility	-	2,106
Loan repaid	(406)	(1,048)
Amounts received from / (paid to) parent undertaking/related party	1,000	(1,000)
Payments to finance lease creditors (excluding foreign exchange movements)	(3,056)	(3,434)
Dividends	(14,802)	(9,152)
Net cash used in financing activities	(17,298)	(12,070)
Net (decrease) / increase in cash and cash equivalents	(4,287)	2,175
Cash and cash equivalents at beginning of year	8,384	6,209
Cash and cash equivalents at end of year	4,097	8,384

The notes on pages 22 to 57 form part of these financial statements

IBP Global Trading Limited

Consolidated statement of changes in equity for the year ended 31 December 2022

	Share Capital £'000	Foreign exchange reserve £'000	Retained Earnings £'000	Total equity £'000
At 1 January 2022	19,800	(1,111)	45,500	64,189
Comprehensive income for the year				
Profit for the year	-	-	22,868	22,868
Other comprehensive income				
Exchange gain arising on translation of foreign operations	-	809	-	809
Change in assumptions on right to use assets	-	-	147	147
Actuarial gains on defined benefit pension scheme	-	-	828	828
Total comprehensive income for the year	-	809	23,843	24,652
Contributions by and distributions to shareholders				
Dividends paid (75p per share)	-	-	(14,802)	(14,802)
At 31 December 2022	19,800	(302)	54,541	74,039

The notes on pages 22 to 57 form part of these financial statements

IBP Global Trading Limited

Consolidated statement of changes in equity for the year ended 31 December 2021

	Share capital £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2021	19,800	(487)	29,271	48,584
Comprehensive income for the year				
Profit for the year	-	-	25,105	25,105
Other comprehensive income				
Exchange loss arising on translation of foreign operations	-	(624)	-	(624)
Actuarial gains on defined benefit pension scheme	-	-	276	276
Total comprehensive income for the year	-	(624)	25,381	24,757
Contributions by and distributions to shareholders				
Dividends paid (46p per share)	-	-	(9,152)	(9,152)
At 31 December 2021	19,800	(1,111)	45,500	64,189

The notes on pages 22 to 57 form part of these financial statements

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022

1 Accounting policies

Company information

IBP Global Trading Limited is a private Company incorporated in England and Wales under the Companies Act. The address of the registered office is Global House, 95 Vantage Point, Pensnett Trading Estate, Kingswinford, West Midlands, DY6 7FT. The nature of the Group's operations and its principal activities are the manufacture and distribution of plumbing products.

Basis of preparation

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

The consolidated financial statements are presented in Pound Sterling (£), which is also the Group's functional currency.

Amounts are rounded to the nearest thousand, unless otherwise stated.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis.

New standards adopted this year

New standards that have been adopted in the annual financial statements for the year ended 31 December 2022, but have not had a significant effect on the Group are:

- definition of a Business (Amendments to IFRS 3);
- COVID-19-Related Rent Concessions (Amendments to IFRS 16);
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Disclosure Initiative - Definition of Material); and
- revisions to the Conceptual Framework for Financial Reporting.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 *(continued)*

1 Accounting policies *(continued)*

New standards adopted this year (continued)

Standards not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2022:

- onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- annual Improvements to IFRS Standards 2018-2021 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- references to Conceptual Framework (Amendments to IFRS 3).

In January 2021, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that "settlement" includes the transfer of cash, goods, services or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2021, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (*continued*)

1 Accounting policies (*continued*)

Going concern

At the year end, the Group had net assets of £74.0m (2021 - £64.2m), including cash and cash equivalents of £4.4m (2021 - £8.4m). In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for a period of at least 12 months from the date of the approval of the financial statements.

The Group is funded by cash flows generated from trading, leases for certain capital expenditure items and funding provided by banks. The funding provided by banks is generally based on a percentage of trade receivables and inventories, with separate tangible assets facilities. The funding provided by banks is generally secured on related assets and is subject to covenants.

The facilities connected to operations in the UK were renewed in August 2021, with the facilities being extended at the same level until at least August 2024. The facilities connected to operations in Poland are scheduled for renewal in February 2023, having been renewed in February 2022. Based on discussions with the bank, the Directors are confident that the facilities expiring in February 2023 will be rolled-over at that date (and at the same level) and for at least the period to June 2024. The other facilities are not due for renewal during the period to June 2024.

The Directors have prepared a detailed profit and cash flow forecast ("the forecast") for the period to June 2024 ("the forecast period") which shows the Group trading, financial position, cash flows and expected available bank facilities for the forecast period. As noted above, the available bank facilities change on a monthly basis as the values of trade receivables and inventories change. The forecast shows that the Group will be able to operate and meet its external liabilities as they fall due for payment during the forecast period within its available bank facilities and other funding provided from banks. The forecast also shows that the Group will continue to meet its covenant requirements during the forecast period.

The Directors continue to monitor the risk and impact of the war in Ukraine and the implications of sanctions on the territories and customers it trades with in order to comply with all international agreements.

Given the geographic coverage of the Group, the Directors have not experienced significant down-side implications resulting from the exit from the European Union.

Given the continued uncertainties in forecasting in this period, the Directors have considered certain sensitivities, as well as a stress test on revenue, to identify possible key pressure points on the cash flows of the Group during the forecast period and considered mitigating actions that they can put in place if required - such as obtaining additional funding from existing banks, obtaining short term funding from the parent Company, active management of working capital and general cost reduction measures. The conclusion of the assessment completed by the Directors is that the Group could sustain the sensitivities applied without exceeding its available bank facilities and other funding provided from banks. However, the Directors remain of the view that the base forecast presents a reasonable assessment of trading and cash flows over the forecast period. The Directors acknowledge that whilst uncertainty exists, it does not pose a material uncertainty that would cast doubt on the Group's ability to continue to operate and meet its external liabilities as they fall due for payment during the forecast period.

After careful consideration of the aforementioned factors and other factors connected to the continued impact of the war in Ukraine on the Group, the Directors consider that the forecast prepared to June 2024 is achievable. The Directors also consider that the available bank facilities and other funding provided from banks will continue to be in place throughout the forecast period and that the headroom within the forecast should be sufficient to enable the Group to operate and meet its external liabilities as they fall due for payment throughout the forecast period, which is a period of at least 12 months from signing of the financial statements. On this basis the Directors consider that it is appropriate to prepare the financial statements on the going concern basis.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the results of IBP Global Trading Limited and all of its subsidiary undertakings. The acquisition method of accounting was used to consolidate all subsidiary companies with the exception of Conex Universal Limited and Isartor Holding Dreissigste GmbH, which were consolidated using merger accounting as both acquisitions were considered by the Directors to be Group reconstructions rather than acquisitions. For acquisitions treated as an acquisition, the results of subsidiaries acquired during a period are included in the consolidation from the date of acquisition or up to the date of disposal. For acquisitions treated as mergers, the results of subsidiaries acquired during a period are included in the consolidation in the earliest date of the comparative financial statements.

Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for amortisation calculated to write off the amount systematically over a period chosen by the Directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is an appropriate departure from the requirements of Companies Act 2006, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the Directors, would be misleading.

Impairment tests on goodwill with indefinite useful economic lives are undertaken annually at the financial year end. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest Group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from the synergies of the combination giving rise to the goodwill. Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Internally generated intangible assets (development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed which is 5 years. The amortisation expense is included within the cost of sales line in the consolidated statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold property	- 2% per annum straight line
Plant and machinery	- 7% - 20% per annum straight line
Fixtures, fittings, tools and equipment	- 7% - 20% per annum straight line
Assets under construction	- Nil

Impairment of assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

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.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Inventories

Stocks are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition as follows:

- raw materials - purchase cost determined on a first in-first out basis (FIFO); and
- work in progress and finished goods - cost of direct materials and labour plus a measure of attributable overheads which is based on the normal level of activity of the business.

Net realisable value is based on estimated selling price less additional costs to complete and disposal costs.

Financial assets

The Group classifies its financial assets into the categories discussed below. The Group has not classified any of its financial assets as held to maturity or fair value through profit or loss.

Unless otherwise stated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Financial assets (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and in transit. Advances secured under debtor factoring financing arrangements are shown within current liabilities in the consolidated statement of financial position.

Financial liabilities

The Group classifies its financial liabilities as other financial liabilities. The Group has not classified any of its liabilities as being held at fair value through profit or loss.

Unless otherwise indicated, the carrying amounts of the Group's financial liabilities are a reasonable approximation of their fair values.

Trade payables and other short-term monetary liabilities, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a change 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 Group operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the consolidated 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements For the year ended 31 December 2022 (*continued*)

1 Accounting policies (*continued*)

Revenue

All of the Group's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes as once physical delivery of the products to the agreed location has occurred the Group no longer has physical possession, has a present right to payment and retains none of the significant risks and rewards of the goods in question.

All of the Group's revenue is derived from fixed price contracts and therefore the amount of revenue generated from each contract can be determined by reference to those fixed prices. Exceptions include:

- 1) Some contracts provide customers with a limited right of return. Historical experience enables the Group to estimate reliably the value of goods that will be returned and restrict the amount of revenue that is recognised such that it is highly probable that there will not be a reversal of previously recognised revenue when goods are returned.
- 2) Variable consideration relating to volume rebates has been constrained in estimating revenue in order that it is highly probable that there will not be a future reversal in the amount of revenue recognised when the amount of volume rebates has been determined.

For most contracts, there is a fixed unit price for each product sold and therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered).

Foreign currency

Transactions entered into by Group entities in a currency other than the functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss in the consolidated statement of comprehensive income.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in other comprehensive income and are credited/(debited) to the foreign exchange reserve. In addition, exchange differences arising on balances that are considered to be part of the net investment in Group companies are recognised in other comprehensive income as part of the foreign exchange reserve.

Leased assets

Identifying leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- there is an identified asset;
- the Group obtains substantially all the economic benefits from use of the asset; and
- the Group has the right to direct use of the asset.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements For the year ended 31 December 2022 (*continued*)

1 Accounting policies (*continued*)

Leased assets (continued)

Identifying leases (continued)

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of 12 months or less.

Lease measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonable certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Leased assets (continued)

Lease measurement (continued)

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements For the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Defined benefit pension schemes

The difference between the fair value of the assets held in the Group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Group's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

No increase in the present value of liabilities of the Group's defined benefit pension scheme is expected as there are no active members remaining in the scheme. The scheme is closed to new members and to the future accrual of benefit.

Government grants

Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are netted against the cost incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated statement of comprehensive income or netted against the asset purchased.

Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

Hedge accounting

The Group does from time to time enter into foreign exchange forward contracts to manage its exposure to foreign exchange risk. These derivatives are measured at fair value at each reporting date. To the extent that a hedge relationship exists with a hedged item, the hedge is effective and has a material impact on the financial statements, movements in fair value are recognised in other comprehensive income and presented in a separate cashflow hedge reserve. Any ineffective portions of the movements or movements which are not considered material are recognised in profit or loss for the period.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (*continued*)

2 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill

The Directors are required to test whether goodwill has suffered any impairment. The recoverable amounts of the trading entities have been determined based on value in use estimations. The use of this method requires the estimation of the net present value of future cash flows expected to arise from the continuing operation of the entities using an appropriate discount rate.

Development costs

Costs incurred in developing new products are capitalised in accordance with the Group's accounting policy for other intangible assets. Determining the amounts to be capitalised requires management to make assumptions and estimates regarding the expected future cash-generation of new products and the expected period of benefits.

The Directors are satisfied that all recorded development costs will be recovered from the cash flows connected to each relevant project.

Impairment of assets

Other intangible assets, investments in joint associates and joint ventures are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted the recoverable amount of the assets is based on the net present value of future cash flows expected to arise from the continuing operation of the entities using an appropriate discount rate.

Useful lives of property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful economic lives based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for appropriateness.

Inventory provisions

Group inventory levels are constantly reviewed and, should there be an indication of impairment or obsolescence, the inventory is written down to its assessed net realisable value.

Bad debt provisions

The Group has recognised impairment provisions in respect of bad and doubtful trade debtors. The judgements and estimates necessary to calculate these provisions are based on historical experience and other reasonable factors.

Income taxes

The Group recognises expected liabilities for tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on the income tax and deferred tax provisions in the period when such determination is made.

Legal provision

Management have received several claims against a subsidiary Company and have included provisions for legal and other costs as considered necessary. The provisions made are management's best estimates of the amounts that are expected to be payable based on the circumstances of the claim and the current status of the legal proceedings.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

2 Critical accounting estimates and judgements (continued)

Pension liability

The Group has a defined benefit pension scheme with the assets and liabilities included in the balance sheet. An independent qualified actuary measures the fair value of the schemes assets and liabilities on an actuarial basis. The valuation incorporates a discounted rate of return and assumptions made about the mortality of the beneficiaries of the pension scheme, and future rates of inflation. Changes in these assumptions could have a significant impact on the scheme liabilities and recorded deficit. Valuation of the scheme assets and liabilities are detailed in note 18a.

Right of use asset lease liabilities

The right of use asset lease liabilities calculation incorporates discount rates that are considered to be the incremental cost of borrowing related to the assets concerned. Changes in these discounts rates could have a significant impact on the lease liabilities calculations

3 Revenue

	2022 £'000	2021 £'000
Revenue arises from:		
Sale of goods	196,364	196,635
Analysis of revenue by country of destination:		
United Kingdom	16,220	16,703
Europe	141,748	143,892
Rest of the world	38,396	36,040
	196,364	196,635

4 Profit from operations

	2022 £'000	2021 £'000
Cost of inventories recognised as expensed during the year	110,086	112,266
Depreciation of property, plant and equipment	2,182	2,105
Depreciation of right of use assets	2,617	2,916
Amortisation of intangible assets	598	653
Research and development costs	1,451	1,385
Foreign exchange (gains)/losses	(1,086)	1,936
Operating lease expense:		
- Plant and machinery	62	10
- Property	113	487
Loss on disposal of property, plant and equipment	44	21

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

5 Employee benefit expenses

	2022 £'000	2021 £'000
Employee benefit expenses (including Directors) comprise:		
Wages and salaries	30,440	32,593
Defined contribution pension cost	248	596
Social security contributions and similar taxes	7,155	7,096
	<u>37,843</u>	<u>40,285</u>

The Company did not incur staff costs during the year (2021 - £Nil).

The average number of employees (including Directors) during the year was as follows:

	2022 Number	2021 Number
Manufacturing	619	643
Management and administration	84	91
Selling and distribution	280	284
	<u>983</u>	<u>1,018</u>

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the Directors of the Company listed on page 9.

	2022 £'000	2021 £'000
Key management personnel costs	<u>5,762</u>	<u>6,200</u>

IBP Global Trading Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2022 (continued)

6 Directors' remuneration

	2022 £'000	2021 £'000
Directors' emoluments	2,615	2,877
Contribution to money purchase schemes	50	47
	<u>2,665</u>	<u>2,924</u>

There was one director in the Company's defined contribution plan (2021 - 1) during the year.

There were no Directors who are accruing benefits under a defined benefit scheme (2021 - Nil).

The total amount payable to the highest paid director in respect of emoluments was £2.62m (2021 - £2.88m).
Company pension contributions of £50k (2021 - £47k) were paid to a money purchase scheme on their behalf.

7 Auditors remuneration

	2022 £'000	2021 £'000
Fees payable to the Group's auditors in respect of:		
- audit of the Company's annual accounts	9	8
- audit of the Company's subsidiaries annual accounts	241	227
- taxation services	105	100
- other	38	34
	<u>393</u>	<u>369</u>

8 Finance income and expense

	2022 £'000	2021 £'000
Finance income		
Interest received	9	322
	<u>9</u>	<u>322</u>
Total finance income	<u>9</u>	<u>322</u>
Finance expense		
Interest on finance leases	409	277
Interest on bank loans and overdrafts	358	246
Pension interest	62	66
	<u>829</u>	<u>589</u>
Total finance expense	<u>829</u>	<u>589</u>
Net finance costs recognised in profit or loss	<u>820</u>	<u>267</u>

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

9 Tax expense	2022	2021
	£'000	£'000
<i>Tax expense</i>		
Current tax expense		
Current tax on profits for the year	3,689	5,627
Total current tax	3,689	5,627
Deferred tax expense		
Deferred tax on foreign operations	75	160
Deferred tax on UK operations	-	76
Total deferred tax	75	236
Tax charge	3,764	5,863

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2022	2021
	£'000	£'000
Profit for the year	22,868	25,105
Tax expense	3,764	5,863
Profit before income taxes	26,632	30,968
Tax using the Company's domestic tax rate of 19% (2021 - 19%)	5,060	5,884
Income not taxable/expenses not deductible - net	155	505
Patent box claims	(952)	(1,308)
Tax losses utilised	-	(77)
Recognition of previously unrecognised deferred tax assets	(445)	236
Impact of overseas tax rates	288	235
Prior period adjustments	(377)	111
Others	35	277
Total tax expense	3,764	5,863

Factors affecting future tax changes

The UK corporation tax rate will remain at 19% until 1 April 2023 when it will rise to 25%.

The Directors have recognised a deferred tax asset of £122k (2021 - £144k) relating to unused tax losses that are considered to be able to be offset against the Company's taxable profits expected to arise in the near future. The Directors have not recognised a deferred tax asset of £1.4m relating to its German pension deficit as it remains unclear as to its recoverability.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2022 (continued)

10 Property, plant and equipment

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Assets under Construction £'000	Total £'000
Cost					
At 1 January 2022	3,482	28,714	6,814	2,465	41,475
Additions	49	41	241	3,340	3,671
Disposals	(22)	(174)	(222)	-	(418)
Transfers	(75)	2,139	50	(2,114)	-
Transfer from ROU assets at end of lease	-	642	8	-	650
Foreign exchange movements	96	1,270	98	104	1,568
At 31 December 2022	3,530	32,632	6,989	3,795	46,946
Accumulated depreciation					
At 1 January 2022	850	19,804	5,988	-	26,642
Depreciation	132	1,680	370	-	2,182
Disposals	(22)	(171)	(165)	-	(358)
Transfers	(147)	147	-	-	-
Transfer from ROU assets at end of lease	-	487	30	-	517
Foreign exchange movements	17	905	86	-	1,008
At 31 December 2022	830	22,852	6,309	-	29,991
Net book value At 31 December 2022	2,700	9,780	680	3,795	16,955
At 31 December 2021	2,632	8,910	826	2,465	14,833

The total value of capital commitments at the end of the year was £2,349k (2021 - £2,387kA).

IBP Global Trading Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2022 (*continued*)

11 Intangible assets

	Goodwill £'000	Development Costs £'000	Total £'000
Cost			
At 1 January 2022	4,645	6,209	10,854
Additions - internally developed	-	358	358
	<u>4,645</u>	<u>6,567</u>	<u>11,212</u>
At 31 December 2022	4,645	6,567	11,212
Accumulated amortisation			
At 1 January 2022	-	4,781	4,781
Amortisation charge	-	598	598
	<u>-</u>	<u>5,379</u>	<u>5,379</u>
At 31 December 2022	-	5,379	5,379
Net book value			
At 31 December 2022	4,645	1,188	5,833
	<u>4,645</u>	<u>1,428</u>	<u>6,073</u>
At 31 December 2021	4,645	1,428	6,073

Goodwill has arisen on the acquisition of the subsidiaries of the former Conex Banninger Limited Group.

IBP Global Trading Limited

**Notes forming part of the consolidated financial statements
for the year ended 31 December 2022 (continued)**

12 Subsidiaries

The principal subsidiaries of IBP Global Trading Limited, all of which have been included in these consolidated financial statements, are as follows:

Name	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December	
		2022	2021
Conex Universal Limited	United Kingdom	100%	100%
Masterflow Products Limited	United Kingdom	100%	100%
IBP Banninger Italia SRL	Italy	100%	100%
IBP Instal fittings SP zoo	Poland	100%	100%
IBP Atcosa SL	Spain	100%	100%
International Building Products GmbH	Germany	100%	100%
Conex Banninger France SRL *	France	100%	100%
IBP Group LLC *	USA	100%	100%

* These companies are indirectly owned via direct subsidiaries of IBP Global Trading Limited.

Conex Universal Limited registered address is Global House, 95 Vantage Point, Pensnett Trading Estate, Kingswinford, West Midlands, DY6 7FT, England. Sales and distribution

Masterflow Products Limited registered address is Building 95 Second Avenue, Pensnett Trading Estate Kingswinford, West Midlands, DY6 7FT, England. Sales and distribution

IBP Banninger Italia SRL registered address is Piazza Meuccio Ruini 9A, Parma (PR), Italia. Sales and distribution

IBP Instal fittings SP zoo registered address is ul. Obodrzycka 61, 61-249 Poznan, Poland. Manufacturing

IBP Atcosa SL registered address is Poligono industrial Quintos-Aeropuerto. 14006 Cordoba, Spain. Manufacturing, sales and distribution

International Building Products GmbH registered address is Theodor-Heuss-Strasse 18, 35440 Linden, Germany. Manufacturing, sales and distribution

Conex Banninger France SRL registered address is 45 Rue Boissiere 75016 Paris, France. Sales

IBP Group LLC registered office is Global House, 95 Vantage Point, Pensnett Trading Estate, Kingswinford, West Midlands, DY6 7FT, England. Sales

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

13 Inventories

	2022 £'000	2021 £'000
Raw materials and consumables	11,591	8,707
Work-in-progress	9,376	9,969
Finished goods and goods for resale	47,206	44,133
	<u>68,173</u>	<u>62,809</u>

The cost of inventories expensed in the year and included within cost of sales was £110,086,000 (2021 - £112,266,000).

A provision for slow moving and obsolete stock of £10,903,000 was included at 31 December 2022 (2021 - £7,681,000).

The movement on impairment gains relating to damaged or obsolete inventories and included within cost of sales amounted £2,497,000 (2021 - £224,000 gains).

14 Trade and other receivables

	2022 £'000	2021 £'000
Trade receivables	24,593	23,642
Less: provision for impairment of trade receivables	(1,117)	(1,055)
Less: rebate provision	(9,371)	(9,020)
	<u>14,105</u>	<u>13,567</u>
Trade receivables – net	14,105	13,567
Receivables from related parties	47	47
Other receivables	4,352	6,220
Corporation tax debtor	-	361
Prepayments	1,838	1,946
	<u>20,342</u>	<u>22,141</u>
Total current trade and other receivables	20,342	22,141
Non-current trade and other receivables		
Deferred tax (note 17)	122	144
	<u>122</u>	<u>144</u>
Total non-current trade and other receivables	122	144
	<u>20,464</u>	<u>22,285</u>
Total trade and other receivables	20,464	22,285

The carrying value of trade and other receivables approximates fair value.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2022 (continued)

14 Trade and other receivables (continued)

At 31 December 2022, £14,440k (2021 - £14,150k) of trade receivables had been sold to a provider of invoice discounting and debt factoring services. The Group is committed to underwrite any of the debts transferred and therefore continues to recognise the debts sold within trade receivables until the debtors repay or default. Advances secured under debt financing arrangements are secured against the eligible trade debtors and stock balances of the Group.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses trade receivables have been grouped based on similar credit risk and aging. The expected loss rates are based on the group's historical credit losses and knowledge of the customer base. The historical loss rates are then adjusted for current and forward-looking information on key factors affecting the Group's customers. The Directors have applied their knowledge of the general economic environment in which the customers operate (guided by views of matters such as GDP and future growth) as the key macroeconomic factors in the consideration of the provision for impairment of trade receivables. The credit note provision is estimated by management based on historical experience and the level of sales to key customers. The credit note provision is recorded as a reduction of revenue.

Given the nature of the trade receivables the Directors do not consider that there are any significant specific risk factors that are required to be included in the assessment of expected credit losses.

At 31 December 2022 the expected credit loss provision can be further analysed as -

	Total £'000	Current £'000	Past due 0-3 months £'000	Past due 3-6 months £'000	Past due 6- 12 months £'000	Past due > 12 months £'000
Gross carrying amount	24,593	25,978	(2,001)	363	(73)	326
Expected loss rate	4.5%	1.7%	-	24%	-	100%
Loss provision	1,117	432	100	87	172	326

At 31 December 2021 the expected credit loss provision can be further analysed as -

	Total £'000	Current £'000	Past due 0-3 months £'000	Past due 3-6 months £'000	Past due 6-12 months £'000	Past due > 12 months £'000
Gross carrying amount	23,642	21,887	(164)	275	1,109	535
Expected loss rate	4.5%	-	-	-	47%	100%
Loss provision	1,055	-	-	-	520	535

Movements in the impairment allowance for trade receivables are as follows:

	2022 £'000	2021 £'000
At 1 January	1,055	1,028
Charge for the year	111	56
Unused amounts reversed	(49)	(29)
At 31 December	1,117	1,055

The movement in the impairment allowance for trade receivables has been included in the administration line in the consolidated statement of comprehensive income.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2022 *(continued)*

15 Trade and other payables	2022 £'000	2021 £'000
Other loan	745	400
Trade payables	14,696	21,655
Amounts owed to parent undertaking	500	1,500
Amounts owed to related parties	2,000	-
Corporation taxes payable	883	1,589
Other tax and social security	2,744	2,427
Leases (note 16)	3,157	3,004
Accruals and other payables	13,429	14,768
	<hr/>	<hr/>
Total current trade and other payables	38,154	45,343
	<hr/>	<hr/>
Non-current trade and other payables		
Deferred tax (note 17)	355	289
BankOther loan	1,396	1,724
Leases (note 16)	6,731	8,237
	<hr/>	<hr/>
Total non-current trade and other payables	8,482	10,250
	<hr/>	<hr/>
Total trade and other payables	46,276	55,593
	<hr/>	<hr/>

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

The Group was also party to an invoice discounting facility with two other banks to support the operations of the Group's Spanish operations. The amounts outstanding at the year end were £324k (2021 - £ Nil). This amount is unsecured and is repayable on demand.

The Group through its Spanish and Polish operations was party to a capital finance facility included as other loan above. The amounts outstanding at the year end were £1,817k (2021 - £2,124k). This amount is unsecured and is repayable from 2023 - 2025.

The amounts owed to the parent undertaking have no fixed date for repayment. The loans carry interest at a rate of base rate plus 2.05%. The parent Company has waived its entitlement to receive interest for the current and prior period.

The amounts owed to the related parties carry interest at a rate of base rate plus 2.05%. The amount is unsecured and repayable from 2023 - 2025.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2022 (continued)

16 Leases

	Land and buildings £'000	Plant, machinery and motor vehicles £'000	Total £'000
Right-of-use-assets			
At 1 January 2022	5,484	6,249	11,733
Additions	423	1,530	1,953
Amortisation	(1,103)	(1,514)	(2,617)
Modification to lease terms	(440)	(26)	(466)
Foreign exchange movements	139	168	307
Disposals (inc transfers at end of lease period to PPE note 10)	(37)	(136)	(173)
	<u>4,466</u>	<u>6,271</u>	<u>10,737</u>
At 31 December 2022	4,466	6,271	10,737
	Land and buildings £'000	Plant, machinery and motor vehicles £'000	Total £'000
Lease liabilities			
At 1 January 2022	5,619	5,622	11,241
Additions	423	1,525	1,948
Disposals	(38)	-	(38)
Lease payments	(1,239)	(1,817)	(3,056)
Modification to lease terms	(588)	(21)	(609)
Foreign exchange movements	172	230	402
	<u>4,349</u>	<u>5,539</u>	<u>9,888</u>
At 31 December 2022	4,349	5,539	9,888
Future lease payments are due as follows:			
		2022	2021
		£'000	£'000
Not later than one year		3,157	3,004
Between one year and five years		6,731	8,237
		<u>9,888</u>	<u>11,241</u>
At 31 December 2022		9,888	11,241
Current liabilities		3,157	3,004
		<u>3,157</u>	<u>3,004</u>
Non-current liabilities		6,731	8,237
		<u>6,731</u>	<u>8,237</u>

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

17 Deferred tax

The movement on the deferred tax account is as shown below:

	2022 £'000	2021 £'000
At 1 January	145	(90)
<i>Recognised in profit and loss</i>		
Tax expense	75	236
<i>Recognised in other comprehensive income/(loss):</i>		
Adjustment arising from exchange rate differences	13	(1)
	<hr/>	<hr/>
At 31 December	233	145

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the Directors believe it is probable that these assets will be recovered.

The deferred tax asset is made up as follows:

<i>Deferred tax asset</i>	2022 £'000	2021 £'000
Tax losses carried forward	(122)	(144)
	<hr/>	<hr/>
At 31 December	(122)	(144)

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures.

The deferred tax provision is made up as follows:

<i>Deferred tax liability</i>	2022 £'000	2021 £'000
Accelerated capital allowances	386	317
Other	(31)	(28)
	<hr/>	<hr/>
At 31 December	355	289

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

18 Provisions

	2022 £'000	2021 £'000
Amounts related to overseas legal case	369	569
Restructuring provision	158	-
	<u>527</u>	<u>569</u>

The provision is in relation to ongoing legal cases, and the estimated legal costs to conclude them.

18a Defined benefit scheme

The defined benefit pension schemes were transferred back into the group as part of the acquisition of Isartor Holding Dreissigste GmbH on 6 October 2018.

There were three defined benefit pension schemes operated by the Group. The schemes were established under an irrevocable Deed of Trust by the Group's German subsidiary, Isartor Holding Dreissigste GmbH. The schemes are known as the International Building Products GmbH scheme, Banninger GmbH Zulauf Renu scheme and the Delta Werkzeugbau GmbH scheme. In addition, and in accordance with German requirements there was an additional Support Fund (U-Kasse) liability in relation to the schemes. The Deed determined the appointment of trustees to the fund who are required to act in the best interests of the beneficiaries

A full actuarial valuation of the schemes (including the U-Kasse scheme) was carried out at 31 December 2014 and updated at 31 December 2022 by a qualified independent actuary.

	2022 £'000	2021 £'000
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	(7,499)	(8,737)
Current service cost	(49)	(31)
Interest cost	(62)	(66)
Actuarial gains	1,100	254
Exchange (loss)/gain	(364)	531
Benefits paid	533	550
	<u>(6,341)</u>	<u>(7,499)</u>
<i>Composition of plan liabilities</i>		
Schemes wholly or partly funded	<u>(6,341)</u>	<u>(7,499)</u>

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

18a Defined benefit scheme (continued)

Reconciliation of fair value of plan assets

At the beginning of the year	1,733	1,851
Actuarial (loss)/gains	(302)	22
Exchange gains/(loss)	84	(115)
Contributions by the Group	531	525
Benefits paid	(533)	(550)
	<hr/>	<hr/>
At the end of the year	1,513	1,733
	<hr/>	<hr/>

2022	2021
£'000	£'000

Reconciliation to statement of financial position

Present value of funded obligations	(6,341)	(7,499)
Fair value of plan assets	1,513	1,733
	<hr/>	<hr/>
Plan deficit	(4,828)	(5,766)
	<hr/>	<hr/>

The Directors considered that no deferred tax asset should have been recognised in respect of the pension scheme deficit as its future recovery from trading profits was not able to be assessed with sufficient certainty.

2022	2021
£'000	£'000

The amounts recognised in comprehensive income are as follows:

Included in administrative expenses:

Current service cost	49	31
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Included in other finance income:

Interest cost	62	66
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111	97
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IBP Global Trading Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2022 (*continued*)

18a Defined benefit scheme (*continued*)

	2022 £'000	2021 £'000
<i>Analysis of amount recognised in other comprehensive income</i>		
Actual return less expected return on pension plan assets	(316)	22
Experience gains and losses arising on the scheme liabilities	(812)	215
Changes in assumptions underlying the present value of the scheme liabilities	1,956	39
Actuarial gains recognised in the consolidated statement of other comprehensive income	828	276

	2022 £'000	2021 £'000
<i>Cumulative amount of losses recognised in the consolidated statement of other comprehensive income</i>	(2,051)	(2,879)

	2022 £'000	2021 £'000
<i>Composition of plan assets</i>		
European bonds	1,513	1,733

Narrative description of the basis used to determine the overall expected rate of return of assets

Overall expected rate of return on plan assets is based upon historical returns of the investment performance adjusted to reflect expectations of future long-term returns by asset class. This is in line with Section 253 (2) of the German Commercial Code which stipulates that provisions with a residual maturity of more than one year are to be discounted at the average market interest rate calculated by the Deutsche Bundesbank.

	2022 %	2021 %
<i>Principal actuarial assumptions used at the consolidated statement of financial position date</i>		
Discount rates	3.5	0.9
Expected rates of return on plan assets:		
Bonds	1.5	1.0
Future salary increases	5.2	2.0
Future pension increases	5.2	2.0
Inflation assumption	5.2	2.0

IBP Global Trading Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2022 (*continued*)

19 Share capital

	Authorised, issued and fully paid			
	2022 Number	2022 £'000	2021 Number	2021 £'000
Ordinary shares of £1 each	19,800,200	19,800	19,800,200	19,800

20 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
<i>Share capital</i>	Represents the nominal value of the shares issued.
<i>Foreign exchange reserve</i>	Gains/losses arising on retranslating the net assets of overseas operations into British Sterling.
<i>Retained earnings</i>	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

21 Leases

Operating leases - lessee

The total future value of minimum lease payments is due as follows:

	2022 £'000	2021 £'000
Not later than one year	2	42
Later than one year and not later than five years	39	172
Later than five years	-	41
	<u>41</u>	<u>255</u>

22 Financial instruments - risk management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables (excluding prepayments)
- Cash and cash equivalents
- Trade and other payables (excluding advances)
- Finance leases
- Amounts due to/from Group undertakings

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular updates on the effectiveness of the processes put in place and of the current level of risk within the business.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

22 Financial instruments - risk management (continued)

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Financial instruments by category

Financial assets

	Loans and receivables at amortised cost	
	2022	2021
	£'000	£'000
Cash and cash equivalents	4,421	8,384
Trade and other receivables	17,951	19,834
	<hr/>	<hr/>
Total financial assets	22,372	28,218
	<hr/>	<hr/>

Financial liabilities

	Financial liabilities at amortised cost	
	2022	2021
	£'000	£'000
Trade and other payables	28,892	37,562
Finance leases - current	3,157	3,004
Finance leases - non-current	6,731	8,237
Amounts owed to Group undertakings	500	1,500
Amounts owed to Related parties	2,000	-
Other loan - current	745	400
Other loan - non-current	1,396	1,724
	<hr/>	<hr/>
Total financial liabilities	43,421	52,427
	<hr/>	<hr/>

Due to their short-term nature, the carrying value of cash and cash equivalents, advances secured under debt factoring, trade and other receivables, trade and other payables, amounts owed to Group undertakings and current finance leases approximates their fair value. There is no material difference to fair value of the long term finance leases.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The management team has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from management.

Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 14.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements
for the year ended 31 December 2022 (continued)

22 Financial instruments - risk management (continued)

Credit risk (continued)

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, care is taken when choosing a partner unless specified by a connected financial institution.

Cash in bank and short-term deposits

A significant amount of cash is held with the following institutions:

	31 December 2022		31 December 2021	
	Rating	Cash at bank £'000	Rating	Cash at bank £'000
Commerzbank	baa2	186	Baa2	226
Banco Santander	baa1	747	Baa1	1,030
BBVA	baa2	22	Baa2	19
Bankinter	baa2	11	Baa2	12
HSBC	ba1	1,780	Ba1	6,825
Cajasur	-	42	-	28
BPer	ba1	313	Ba2	214
BNP	baa1	1,362	-	-
Deutsche	baa2	2	Baa3	34
Other		(44)		(4)
		<u>4,421</u>		<u>8,384</u>

Market risk

Market risk arises from the Group's use of interest bearing, tradeable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Interest rate risk

The Group is exposed to interest rate risk from its Group borrowings (see note 15) and advances secured under debt factoring arrangements. It attempts to reduce such risk by minimising the outstanding borrowings with the use of available cash balances across the Group. Where possible the Group has rates linked to Base/EURIBOR and WIBOR, this minimises the risks of the Group being charged interest higher than current market rates. This policy is managed centrally. Local operations are not permitted to borrow long-term from external sources. It is the Directors considered view that these rates are likely to remain consistent for the foreseeable future and if they should change they are more likely to reduce not increase. In the unlikely event these rates do rise, a 1% increase in all three rates would increase the Group's interest charge by £549,000 (2021 - £844,000) per year.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

22 Financial instruments - risk management (continued)

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

In order to monitor the continuing effectiveness of this policy, the Board receives an analysis of the impact of foreign exchange exposure on the main working capital balances and the expected impact on cashflows.

The Group is predominantly exposed to currency risk on purchases made from a major supplier in USD and sales made to major customers denominated in Euro. Purchases from this supplier are made on a central basis and wherever possible the risk is matched with incoming receipts. Apart from these particular cashflows the Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

As of 31 December the Group's net exposure to foreign exchange risk was as follows:

	2022 £'000	2021 £'000
Net foreign currency financial assets		
Euro	(8,554)	(4,798)
US Dollar	2,574	2,164
Polish Zloty	(1,204)	(3,267)
Chinese RMB	(5,390)	(6,175)
UAE Dirhams	(61)	41
Other	(18)	(98)
	<hr/>	<hr/>
Total net exposure	(12,653)	(12,133)
	<hr/>	<hr/>

The fair value of financial instruments analysed by hedge type are as follows:

	Recognised loss on fair value 2022 £'000	Recognised loss on fair value 2021 £'000
Forward foreign exchange contracts	86	-
	<hr/>	<hr/>

The Directors have recorded the net fair value loss within the profit recorded for the period.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

22 Financial instruments - risk management (continued)

Foreign exchange risk (continued)

The following table reflects the impact of a 10% movement in non-functional currencies retranslated at 31 December 2022.

31 December 2022	10% increase Effect on Profit before tax £'000	10% decrease Effect on Profit before tax £'000
Euro	778	(778)
US Dollar	(234)	234
Polish Zloty	109	(109)
Chinese RMB	490	(490)
Other	8	(8)
	<u>1,150</u>	<u>(1,150)</u>
31 December 2021	10% increase Effect on Profit before tax £'000	10% decrease Effect on Profit before tax £'000
Euro	436	(436)
US Dollar	(197)	197
Polish Zloty	297	(297)
Chinese RMB	561	(561)
Other	5	5
	<u>1,102</u>	<u>(1,102)</u>

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 12 months.

The cash position is continually monitored to maintain the optimum balance between cash available and interest rates applicable at any particular point in time.

The Group also uses agreed trade finance facilities where amounts can be drawn against sales invoices and stock and then repaid as the invoices are settled. This gives the Group greater flexibility and reduces some of the liquidity risks associated with the business.

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

23 Related party transactions

During the year Group companies entered into the following transactions with related parties who are not members of this Group.

	Sales of goods		Purchase of goods		Amounts owed by related parties		Amounts owed to related parties	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Other Group companies headed by the ultimate parent Company		-		-		-		-
Directors	325	-	(60)	-	115	14	(2,000)	-
Parent Company		-		-		-	(500)	(1500)

Details of Directors' remuneration are given in note 6.

Amounts owed by Directors of £95k (2021 - £14k) are included in other debtors.

The Group has not made any allowance for bad or doubtful debts in respect of related party debtors nor has any guarantee been given or received during 2022 or 2021 regarding related party transactions. The Group has written off £14k (2021 - Nil) in respect of related party debtors.

24 Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the consolidated statement of cash flows comprises:

	2022 £'000	2021 £'000
Cash at bank available on demand	4,421	8,384
Cash acceptance	(324)	-
Cash and cash equivalent	4,097	8,384

Significant non-cash transactions are as follows:

	2022 £'000	2021 £'000
<i>Financing activities</i>		
Assets acquired under right of use and finance leases:		
- Land and buildings	423	1,349
- Motor vehicles	807	443
- Plant and machinery	723	1,827
Total	1,953	3,619

IBP Global Trading Limited

Notes forming part of the consolidated financial statements for the year ended 31 December 2022 (continued)

24 Notes supporting statement of cash flows (continued)

No forex movements were included in the 2022 (or 2021) individual cash flows as movements were not considered material

	Advances secured under debt factoring £'000	Current - Other loans £'000	Non- current other loans £'000	Group Loans * £'000	Current - finance leases £'000	Non - current finance leases £'000	Total £'000
At 1 January 2022	-	400	1,724	1,500	3,004	8,237	14,865
Cashflows	(34)	(94)	-	1,000	(3,056)	-	(2,184)
Non- cash flows							
- Foreign exchange	34	18	93	-	52	312	509
- Right of use assets	-	-	-	-	-	1,948	1,948
- Change in ROU as:	-	-	-	-	-	(609)	(609)
- Loans and borrowings classified as non - current at 31 December 2021 becoming current during 2022	-	421	(421)	-	3,157	(3,157)	-
At 31 December 2022	-	745	1,396	2,500	3,157	6,731	14,529
* inc related parties							
	Advances secured under debt factoring £'000	Current - Other loans £'000	Non- current other loans £'000	Group loans £'000	Current - finance leases £'000	Non - current finance leases £'000	Total £'000
At 1 January 2021	251	791	384	2,500	2,946	8,539	15,411
Cashflows	(236)	(348)	1,406	(1,000)	(2,867)	(566)	(3,611)
Non- cash flows							
- Foreign exchange	(15)	(43)	(66)	-	(79)	(496)	(699)
- Right of use assets						3,764	3,764
- Loans and borrowings classified as non - current at 31 December 2020 becoming current during 2021	-	-	-	-	3,004	(3,004)	-
At 31 December 2021	-	400	1,724	1,500	3,004	8,237	14,865

IBP Global Trading Limited

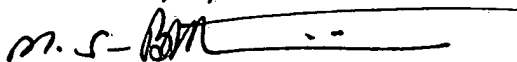
Parent Company balance sheet as at 31 December 2022

<i>Company number 07577071</i>	<i>Note</i>	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Fixed assets					
Investments in subsidiaries	4	18,248		18,248	
Current assets			18,248		18,248
Debtors	5	4,935		3,975	
Cash		1		1	
Creditors: amounts falling due within one year	6	(2,524)		(1,513)	
Net current assets			2,412		2,463
			20,660		20,711
Capital and reserves					
Called up share capital	7		19,800		19,800
Profit and loss account			860		911
Shareholders' funds			20,660		20,711

Parent Company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £14,751,000 (2021 - £9,137,000).

The financial statements were approved and authorised for issue by the board of Directors and were signed on its behalf on 22/5/23



Manouchehr Salehi Bakhtiari
Director

IBP Global Trading Limited

**Notes forming part of the consolidated financial statements
for the year ended 31 December 2022 (continued)**

26 Post Balance Sheet Events

There have been no significant events affecting the Group since the year end.

27 Ultimate parent Company and parental undertaking of larger Group

The Company is 85% owned by International Building Products Limited, a Company incorporated in Hong Kong and 15% owned by IBP Investment Ltd a Company registered in Seychelles. The ultimate parent Company is Ideal Dragon Investment Ltd a Company incorporated in Belize.

IBP Global Trading Limited

Parent Company statement of changes in equity for the year ended 31 December 2022

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2022	19,800	911	20,711
Profit for the year and total comprehensive income	-	14,751	14,751
Contributions by and distributions to shareholders			
Dividends paid (75p per share)	-	(14,802)	(14,802)
At 31 December 2022	19,800	860	20,660
	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2021	19,800	926	20,726
Profit for the year and total comprehensive income	-	9,137	9,137
Contributions by and distributions to shareholders			
Dividends paid (46p per share)	-	(9,152)	(9,152)
At 31 December 2021	19,800	911	20,711

The notes on pages 60 to 63 form part of these financial statements

IBP Global Trading Limited

Notes forming part of the parent Company accounts for the year ended 31 December 2022

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 "Application of Financial Reporting Requirements" and Financial Reporting Standard 101 "Reduced Disclosure Framework". The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in the Company's functional currency Pound Sterling (£) in round thousands (£'000).

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted; and
- disclosure of related party transactions with other wholly owned members of the Group headed by IBP Global Trading Limited.

In addition, and in accordance with FRS 101 further disclosure exemptions in respect of financial instruments and impairment of assets have been adopted because equivalent disclosures are included in the consolidated financial statements of IBP Global Trading Limited.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

New standards adopted this year

There have been no new standards adopted this year which have had a material impact on the Company.

Going concern

The issues connected to the going concern assessment for the Company are directly connected to the Group of companies it heads and this disclosure is set out in detail in note 1 to the consolidated financial statements.

Investments in subsidiary undertakings

Investments in subsidiaries are stated at cost less provision for impairment.

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.

IBP Global Trading Limited

Notes forming part of the parent Company accounts
for the year ended 31 December 2022 (*continued*)

2 Critical accounting estimates and judgements

The preparation of financial statements in accordance with FRS 101 requires the use of certain critical accounting estimates. The following is a summary of the critical accounting estimates/judgements that were made in the preparation of these financial statements.

Impairment of investments in subsidiaries

The Company is required to test whether investments in subsidiaries, associates and joint venture have suffered any impairment. The recoverable amounts of the trading entities have been determined based on value in use estimations. The use of this method requires the estimation of the net present value of future cash flows expected to arise from the continuing operation of the entities using an appropriate discount rate.

Recoverability of interCompany balances

The Company holds significant debtor balances with Group companies. The Directors consider these debtors to be recoverable as the Groups trading subsidiaries continue to generate sufficient cash flows to enable repayment to be facilitated if and when required, therefore the expected credit loss for these interCompany balances is nil.

3 Profit and loss account

The remuneration of the Directors of the Company is disclosed in note 6 to the Group financial statements. Auditor's remuneration is disclosed in to note 7 to the Group financial statements.

4 Investments

	Shares in subsidiaries £'000	Loans to fellow subsidiaries £'000	Total £'000
Cost			
At 1 January 2022 and 31 December 2022	19,785	615	20,400
Accumulated impairments			
At 1 January 2022 and 31 December 2022	1,537	615	2,152
Net book value			
At 31 December 2022			18,248
At 31 December 2021			18,248

IBP Global Trading Limited

Notes forming part of the parent Company accounts
for the year ended 31 December 2022 (continued)

4 Investments (continued)

Subsidiary and associate undertakings

The following subsidiary and associate undertaking are directly/indirectly held by the Company.

Directly held	Holding %	Nature of business
Conex Universal Limited	100	Distribution
Masterflow Products Limited	100	Distribution
IBP Banninger Italia SRL	100	Distribution
IBP Instalittings SP zoo	100	Production
IBP Atcosa SL	100	Production/distribution
International Building Products GmbH	100	Distribution
Conex Banninger France SRL	100	Distribution
IBP Group LLC	100	Distribution

Disclosures regarding investments in equity accounted associates and joint ventures are shown in the consolidated accounts of IBP Global Trading Limited - See note 12.

5 Debtors: amounts falling due within one year

	2022 £'000	2021 £'000
Amounts owed by Group undertakings	4,888	3,928
Amounts owed by related parties	47	47
	<u>4,935</u>	<u>3,975</u>

Loan amounts owed by Group undertakings represent loans to Conex Universal Limited, a fellow subsidiary. The loans carry interest at a rate of 3 month Base plus 2.05%. The loan agreement states that the loans are long term and will not be required to be repaid until the earliest December 2024.

6 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Amounts owed to Group/related party undertakings*	2,500	1,500
Accruals	9	8
Taxation	15	5
	<u>2,524</u>	<u>1,513</u>

* The balance is repayable on demand the Directors do not expect to make payment of the amounts owed to Group/related party undertaking for at least 12 months from the date of approval of these financial statements. The loans carry interest at a rate of Base plus 2.05%. The parent Company has waived its entitlement to receive interest for the current and prior period.

IBP Global Trading Limited

Notes forming part of the parent Company accounts
for the year ended 31 December 2022 (*continued*)

7 Share capital

	2022 Number	2022 £'000	2021 Number	2021 £'000
<i>Authorised, allotted, called up and fully paid</i>				
Ordinary shares of £1 each	19,800,200	19,800	19,800,200	19,800

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity instruments.

8 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
<i>Share capital</i>	Represents the nominal value of the shares issued
<i>Profit & loss account</i>	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere

9 Post balance sheet events

There have been no significant events affecting the Company since the year end.

10 Ultimate controlling party

The Company is 85% owned by International Building Products Limited, a Company incorporated in Hong Kong and the remaining 15% owned by IBP Investment Ltd a Company incorporated in Seychelles. The ultimate parent Company is Ideal Dragon Investment Ltd, a Company incorporated in Belize.