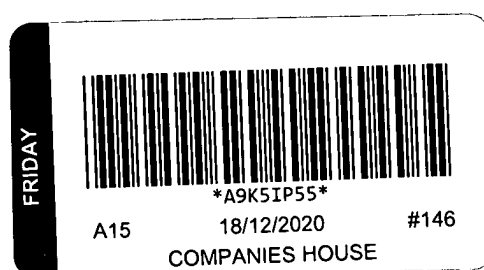


Registered number: 00226822

SIKA LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**



COMPANY INFORMATION

DIRECTORS P Schuler (resigned 1 July 2020)
DE Lang
Sika AG
A C Gonzales Lucas (appointed 1 July 2020)

REGISTERED NUMBER 00226822

REGISTERED OFFICE Watchmead
Welwyn Garden City
Hertfordshire
AL7 1BQ

INDEPENDENT AUDITORS Ernst & Young LLP
2 St Peter's Square
Manchester
M2 3EY

BANKERS Citibank , N.A., London
Branch
Citigroup Centre 2
25 Canada Square
London
E14 5LB

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STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

INTRODUCTION

The directors present their report and financial statements for the year ended 31 December 2019

Results and dividends

The profit for the year after taxation amounted to £8,246,035 (2018 - £8,202,091). The directors declared and paid a dividend of £nil for the year ending 31st December 2019 (2018 - £1,800,000).

BUSINESS REVIEW

2019 proved to be a very successful year in terms of sales growth although profitability decreased.

On 23 May 2019, Sika AG completed the global acquisition of Parex Group. In October 2019, Sika Limited acquired the shares of the local UK Parex entity for a value of £113,324,693. As leading manufacturers of mortars, Parex will further strengthen Sika's position in the market.

From 1 July 2020 Axson UK Limited transferred its trade and assets to Sika Limited. The investment in Axson UK Limited amounts to £1.5m. Sika Limited anticipate annual revenue to continue at c£4.5m.

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

	2019	2018	Change
	£000's	£000's	%
Turnover	146,767	149,883	(2.1%)
Gross profit	60,338	51,723	16.7%
Profit after tax	8,246	8,202	0.5%

PRINCIPAL RISKS AND UNCERTAINTIES

Business risks generally are mitigated as far as possible because the company's core businesses are positioned to service not only new build projects but also repair and maintenance needs.

Energy costs have continued to increase ahead of general inflationary trends as have raw materials prices.

As we enter 2020, we face uncertainty surrounding the Coronavirus. Wherever needed, the company will take advantage of any assistance offered by the government such as HMRC CJRS and deferment of VAT payments. Measures have also been put in to place in order to protect the working capital of the business during these uncertain times through strict management of debtors, creditors and inventory. The company will endeavour to maintain good communication to its stakeholders in order to mitigate any negative impact during this period.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The company consistently reviews its financial risk management and the directors believe that the company has minimal exposure to liquidity or cash flow risk. Credit risk is managed through the setting of credit limits and close control of overdue balances. Exposure to price risk due to commodity movements impacting raw material costs are mitigated by group wide purchasing abilities and controls.

FINANCIAL KEY PERFORMANCE INDICATORS

Gross profit percentage increased to 41.1% from 34.5% in the prior year.

OTHER KEY PERFORMANCE INDICATORS

Delivery schedule adherence is a key measure employed by the company in its aim to provide customer satisfaction. The company has plans in place to achieve 100% delivery time satisfaction. In 2019 this stood at 92.7% compared with 99.6% in the prior year.

S172 STATEMENT

The Directors fulfil their duty by ensuring that there is a strong governance structure through all aspects of the company's operations. The future success of Sika is not only dependent on pursuing the right strategy, but is just as much based on the trust and dedication of all employees. The Sika Spirit is a synonym of the strong set of values and principles which makes up the DNA of the company. Five management principles express the corporate culture and are the foundation of future success:

- **Customer first** - Sika is dedicated in providing and maintaining highest quality standards with its products and services. All solutions are designed with the customers' success in mind and to build long lasting and mutually beneficial relationships rather than focus on short-term business.
- **Courage for Innovation** - The success and reputation of our company is based on its long-lasting tradition of innovation. Accordingly, the core of the business is innovation management and focus on developing quality products and the best solutions for customers.
- **Sustainability & Integrity** - Sika takes a long-term perspective on the development of the business and acts with respect and responsibility towards its customers, stakeholders and employees. The company operates with a strong focus on safety, quality, environment, fair treatment, social involvement, responsible growth and value creation. Sika does not compromise on integrity and apply high ethical standards to its work. Our internal "Code of Conduct" defines the standards and rules of behaviour for the company and all its employees.
- **Empowerment & Respect** - Sika fosters trustful and respectful working relationships and doesn't exercise authority in purely formal ways. The working climate is one of aspiration and inspiration. Sika empowers its people to develop and propose new ideas and delegates decisions and responsibilities to the level of competence.
- **Manage for Results** - Sika aims for success and takes pride in continuously achieving outstanding results and outperforming its markets. The company pursues the vision and targets with persistency and a long-term view.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Sika is a subsidiary of Sika AG and forms part of the Sika group. The Group has a central Corporate board, area managers and regional managers. Several visits are carried out each year to local sites by the area and regional managers in order to discuss KPI's, deliver key engagement and future strategies. The Board of Directors at Sika consider that they, both individually and collectively, have acted in a way that would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to stakeholders and matters set out in S172 (1)(a-f) of the Act) in the decisions they have taken during the year ended 31 December 2019. In making this statement the Directors considered the longer-term consideration of stakeholders and the environment and have taken into account the following:

- a) The likely consequences of any decisions in the long term;
- b) The interests of the Company's employees
- c) The need to foster the Company's business relationships with suppliers, customers and others;
- d) The impact of the Company's operations on the community and the environment;
- e) The desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) The need to act fairly as between members of the Company

Stakeholder engagement is a key part of our business practice. The company engages with key stakeholders in order to find out what material issues/ topics matter most to them about their performance in order to improve strategy, decision-making and accountability.

This report was approved by the board on 15 / 12 / 2020

DocuSigned by:

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DE Lang
Director

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to risks and uncertainties are described in the Strategic Report.

The directors have considered the availability of resources to meet the Company's liabilities for a period of at least twelve months from the date of approval of these financial statements. The directors have considered the going concern position of the Company, taking into account the uncertainty surrounding the current COVID-19 pandemic.

The Company has net current assets of £12,352,245, net assets of £33,096,895 and cash at bank balance of £28,336 as of 31st December 2019. Further, the company does not have any external borrowings, other than inter-company payable balances.

As part of this going concern review, the directors have analysed cashflow forecasts covering a period of at least 12 months from the date of signing the financial statements across a range of scenarios. These scenarios cover a range of sensitivities including stress testing which demonstrates that the company will continue to have sufficient headroom on its available cash balance before any mitigating actions are taken .

Factors considered in reaching this conclusion include:

- The nature of the company's business and any impact on trading activity
- Post year end trading conditions and the ongoing impact that the COVID 19 virus may have. The immediate impact with lockdown restrictions during the early stage of the pandemic lead to site closures for some of our customers. This had a negative impact on our trading activity and during this period our sales declined. However, we still remained strong and it was evident that after the restrictions were lifted the trading activity was returning to its normal level.
- A second wave of the COVID 19 virus – The company continues to monitor any new government guidance in order to quickly react. Although trading activity may reduce as a result of this, evidence suggests that the manufacturing and construction industry are encouraged to continue trading. As such, the company does not anticipate any significant impact on revenue.

In preparing cashflow forecasts, the company has also taken into consideration the Inter-company loan which is in place with Sika AG. This is a legally binding agreement which creates an obligation for Sika AG to fund up to a certain value, which is our IC credit line.

In addition, the company has also considered a dividend which will be payable to Sika AG in May 2021 when preparing the cashflow forecasts. Any short term requirements will be met via the Swiss domiciled ultimate and controlling party Sika AG which will continue during the review period.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

While the output of the various cash flow forecasting and stress testing did not demonstrate any apparent risk to the business over the next 12 months, the Board acknowledges the general uncertainty provided by COVID-19 and as such has obtained a written confirmation of financial support from its parent undertaking, Sika AG, for a period of at least 12 months from date of approval of these financial statements. The Directors, having made the relevant enquiries and having reviewed the parent company's latest financial statements, indicating that Sika AG is in a strong financial position with significant amounts of liquid assets available, are therefore satisfied that the parent undertaking has adequate resources to provide any support to the Company, if required.

As a result, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £8,246,035 (2018 - £8,202,091).

The directors declared and paid a dividend of £nil during the year (2018 - £1,800,000).

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the Company made charitable donations of £1,225.

DIRECTORS

The directors who served during the year were:

P Schuler (resigned 1 July 2020)
DE Lang
Sika AG
A C Gonzales Lucas (appointed 1 July 2020)

FUTURE DEVELOPMENTS

The company and the group are actively pursuing a strategy of organic growth with a widening of the customer base, and where the opportunity exists, growth through acquisition.

DISABLED EMPLOYEES

The Company does all that is practicable to meet its responsibilities towards the employment and training of disabled people. Where an employee becomes disabled, every effort is made to provide continuity of employment in the same job or a suitable alternative.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

EMPLOYEE INVOLVEMENT

The company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the year, the policy of providing employees with information about the company has been continued through Company Information Meetings in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. The company operates a bonus scheme based on a combination of corporate and personal objectives.

EVENTS AFTER THE REPORTING DATE

As a result of the COVID 19 pandemic which is subsequent to the year end, Sika Limited along with most businesses has been impacted by this event. As such, the company is expecting that trading results may be affected due to restrictions being in place.

The directors however have considered this to be a non adjusting event and considerations have been made for this which are included in their going concern assessment disclosed in note 2.2.

The company will continue to strategically plan in order to mitigate any potential risks during 2020 which includes detailed cash flows, forecasts and stress tests being performed.

On 1 Jul 2020 Axson UK Ltd transferred its trade and assets to Sika Ltd. We anticipate annual revenues to continue at c.£4.5M however the profitability of the transferred activity will improve as a significant amount of overhead will be removed from the business.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

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

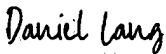
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

This report was approved by the board on 15/ 12/ 2020 and signed on its behalf.

DocuSigned by:

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DE Lang
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIKA LIMITED

Opinion

We have audited the financial statements of Sika Limited for the year ended 31 December 2019 which comprise the Statement of Total Comprehensive Income, the Statement Of Financial Position, Statement of Changes in Equity and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Emphasis of matter – Effects of COVID 19

We draw attention to notes 2.2 and 27 of the financial statements which describe the impact of COVID 19 on the company. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIKA LIMITED (continued)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial Statements and our auditors report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent Otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If We identify such material inconsistencies or apparent material misstatements, we are required to Determine whether there is a material misstatement in the financial statements or a material Misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIKA LIMITED (continued)

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

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

Responsibilities of directors

As prepared more fully in the directors' responsibilities statement set out on page 3, the directors are Responsible for the preparation of the financial statements and for being satisfied that they give a true And fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIKA LIMITED (continued)

Use of our report

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

Ernst & Young LLP

.....
Tehseen Ali (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
2 St Peters Square
Manchester
M2 3EY 16/12/2020
Date.....

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

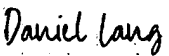
	Notes	2019 £	2018 £
Turnover	4	146,766,709	149,883,144
Cost of sales		(86,429,082)	(98,160,000)
GROSS PROFIT		60,337,627	51,723,144
Distribution costs		(4,260,015)	(4,315,146)
Administrative expenses		(47,125,292)	(37,577,277)
OPERATING PROFIT	5	8,952,320	9,830,721
Interest receivable and similar income	9	-	1,833
Income from fixed asset investments	8	3,092,000	2,500,000
Interest payable and expenses	10	(2,538,352)	(1,541,779)
PROFIT BEFORE TAX		9,505,968	10,790,775
Taxation on profit on ordinary activities	11	(1,259,933)	(2,588,684)
PROFIT FOR THE FINANCIAL YEAR		8,246,035	8,202,091

The notes on pages 15 to 36 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		2019	2018
		£	£
FIXED ASSETS	Notes		
Intangible Assets	13	898,818	907,398
Tangible Fixed Assets	14	11,721,032	11,787,973
Investments	15	174,110,179	60,785,486
		<u>186,730,029</u>	<u>73,480,857</u>
CURRENT ASSETS			
Stocks	16	10,796,280	7,885,562
Debtors: amounts falling due within one year	17	23,173,694	23,801,635
Cash at bank and in hand	18	28,336	28,207
		<u>33,998,310</u>	<u>31,715,404</u>
Creditors: amounts falling due within one year	19	<u>(21,646,065)</u>	<u>(20,097,604)</u>
NET CURRENT ASSETS		<u>12,352,245</u>	<u>11,617,800</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>199,082,274</u>	<u>85,098,657</u>
Creditors: amounts falling due after more than one year	20	(164,324,694)	(58,633,168)
PROVISIONS FOR LIABILITIES			
Deferred tax		(1,229,685)	(1,147,629)
Other provisions	21	<u>(431,000)</u>	<u>(467,000)</u>
		<u>(1,660,685)</u>	<u>(1,614,629)</u>
NET ASSETS		<u>33,096,895</u>	<u>24,850,860</u>
CAPITAL AND RESERVES			
Called up share capital	22	3,000,000	3,000,000
Other reserves		2,307,563	2,307,563
Revaluation reserve			
Profit and loss account		<u>27,789,332</u>	<u>19,543,297</u>
		<u>33,096,895</u>	<u>24,850,860</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 / 12 / 2020

DocuSigned by:

 9EF88199EACB4A5...
 DE Lang

Director

Company registration number: 00226822

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Other reserves	Income statement	Total equity
	£	£	£	£
At 1 January 2018	3,000,000	2,307,563	13,141,206	18,448,769
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	0	0	8,202,091	8,202,091
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	0	0	8,202,091	8,202,091
Dividends: Equity capital	0	0	(1,800,000)	(1,800,000)
TOTAL TRANSACTIONS WITH OWNERS	0	0	(1,800,000)	(1,800,000)
AT 31 DECEMBER 2018	3,000,000	2,307,563	19,543,297	24,850,860
At 1 January 2019	3,000,000	2,307,563	19,543,297	24,850,860
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	0	0	8,246,035	8,246,035
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	0	0	8,246,035	8,246,035
AT 31 DECEMBER 2019	3,000,000	2,307,563	27,789,332	33,096,895

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 GENERAL INFORMATION

Sika Limited (the "Company") is a private Company, limited by shares, registered in England and Wales, registered number 00226822. The directors consider the going concern basis for the preparation of these financial statements to be appropriate. The registered office of the Company is Watchmead, Welwyn Garden City, Hertfordshire, AL7 1BQ.

2 ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in compliance with Financial Reporting Standard 102 as it applies to the financial statements of the Company for the year ended 31 December 2019. The financial statements are prepared in sterling which is the functional currency of the Company.

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

- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b) to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Sika AG, which is the ultimate controlling party, as at 31 December 2018 and these financial statements may be obtained from Zugerstrasse 50, CH-6340 Baar, Switzerland.

2.2 Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to risks and uncertainties are described in the Strategic Report.

The directors have considered the availability of resources to meet the Company's liabilities for a period of at least twelve months from the date of approval of these financial statements. The directors have considered the going concern position of the Company, taking into account the uncertainty surrounding the current COVID-19 pandemic.

As part of this going concern review, the directors have analysed cashflow forecasts covering a period of at least 12 months from the date of signing the financial statements across a range of scenarios. These scenarios cover a range of sensitivities including stress testing which demonstrates that the company will continue to have sufficient headroom on its available cash balance before any mitigating actions are taken.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2 ACCOUNTING POLICIES (CONTINUED)

2.2 Going concern (Continued)

Factors considered in reaching this conclusion include:

- The nature of the company's business and any impact on trading activity
- Post year end trading conditions and the ongoing impact that the COVID 19 virus may have. The immediate impact with lockdown restrictions during the early stage of the pandemic lead to site closures for some of our customers. This had a negative impact on our trading activity and during this period our sales declined. However, we still remained strong and it was evident that after the restrictions were lifted the trading activity was returning to its normal level.
- A second wave of the COVID 19 virus – The company continues to monitor any new government guidance in order to quickly react. Although trading activity may reduce as a result of this, evidence suggests that the manufacturing and construction industry are encouraged to continue trading. As such, the company does not anticipate any significant impact on revenue.

In preparing cashflow forecasts, the company has also taken into consideration the Inter-company loan

which is in place with Sika AG. This is a legally binding agreement which creates an obligation for Sika AG to fund up to a certain value, which is our IC credit line.

In addition, the company has also considered a dividend which will be payable to Sika AG in May 2021 when preparing the cashflow forecasts. Any short term requirements will be met via the Swiss domiciled ultimate and controlling party Sika AG which will continue during the review period.

While the output of the various cash flow forecasting and stress testing did not demonstrate any apparent risk to the business over the next 12 months, the Board acknowledges the general uncertainty provided by COVID-19 and as such has obtained a written confirmation of financial support from its parent undertaking, Sika AG, for a period of at least 12 months from date of approval of these financial statements. The Directors, having made the relevant enquiries and having reviewed the parent company's latest financial statements, indicating that Sika AG is in a strong financial position with significant amounts of liquid assets available, are therefore satisfied that the parent undertaking has adequate resources to provide any support to the Company, if required.

As a result, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2 ACCOUNTING POLICIES (CONTINUED)

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment.

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

2.5 Tangible fixed assets

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

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

Depreciation is provided on the following basis (land is not depreciated):

Freehold property	- 4 to 25 years
Plant and machinery	- over 5 to 10 years
Motor vehicles	- over 4 years
Fixtures and fittings	- over 6 years
Computer equipment	- over 3 to 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2 ACCOUNTING POLICIES (CONTINUED)

2.6 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each Statement of Financial Position date.

Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in Statement of Comprehensive Income for the period.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each Statement of Financial Position date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Statement of Comprehensive Income.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with significant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2 ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably; at cost less impairment for all other investments.

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

settle the liability simultaneously.

amounts and there is an intention to settle on a net basis or to realize the asset and financial position when there is an enforceable right to set off the recognized financial assets and liabilities are offset and the net amount reported in the Statement of

receivables for the asset if it were to be sold at the Statement of Financial Position date.

amount, which is an approximation of the amount that the Company would

as the difference between an asset's carrying amount and best estimate of the recoverable for financial assets measured at cost less impairment, the impairment loss is measured

current effective interest rate determined under the contract.

available interest rate, the discount rate for measuring any impairment loss is the

cash flows discounted at the asset's original effective interest rate. If a financial asset has a the difference between an asset's carrying amount and the present value of estimated

for financial assets measured at amortized cost, the impairment loss is measured as

second.

impairments found, an impairment loss is recognized in the Statement of Comprehensive Income

of each reporting period for objective evidence of impairment. If objective evidence of

financial assets that are measured at cost and amortized cost are assessed at the end

measured (initially) at cost less impairment for all other investments.

Comprehensive Income if the shares are publicly traded or their fair value can otherwise be

preference shares are measured at fair value with changes recognized in the Statement of

investments in non-convertible preference shares and in non-convertible ordinary and at amortized cost.

cash flow discounted at a market rate of interest for a similar debt instrument and subsequently

market rate, the financial asset or liability is measured, initially, at the present value of the future

at a rate of interest that is not a market rate or, in case of an out-right short-term loan not at

transaction, like the payment of a trade debt deferred beyond normal business terms or financed

or received. However, if the arrangements of a short-term instrument constitute a financing

at the undiscounted amount of the cash or other consideration expected to be paid

least, (initially) trade payables or receivables are measured, initially and subsequently,

effective interest method. Debt instruments that are payable or receivable within one

business year of the future cash flows and subsequently at amortized cost using the

including loans and other accounts receivable and payable are initially measured at

Debt instruments (other than those wholly repayable or receivable within one year)

investments in non-convertible ordinary shares.

and payable, loans from banks and other third parties, loans to related parties and

recognition of financial assets and liabilities like trade and other accounts receivable

The Company only enters into basic financial instruments transactions that result in the

financial instruments

5 ACCOMPLISHING NOTICES (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019
NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2 ACCOUNTING POLICIES (CONTINUED)

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income in finance costs or income as appropriate. The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.11 Creditors

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

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within finance income or costs. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within other operating income.

2.13 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2 ACCOUNTING POLICIES (CONTINUED)

2.14 Operating leases: the Company as lessee

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

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

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.15 Pensions

Defined contribution pension plan

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

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

2.16 Interest income

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

2.17 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2 ACCOUNTING POLICIES (CONTINUED)

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.19 Current and deferred taxation

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2 ACCOUNTING POLICIES (CONTINUED)

2.20 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3 JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the directors have made the following judgments:

- 3.1** Determine whether there are indicators of impairment of the company's tangible and intangible assets including goodwill. Factors taken into consideration include the economic viability and expected future financial performance of the asset and where it is component of a larger cash-generation unit, the viability and expected future performance of the asset.
- 3.2** Tangible and intangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the asset and residual values are assessed annually and, may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycle and maintenance programs are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

4 TURNOVER

The whole of the turnover is attributable to one principal continuing activity. Analysis of turnover by country of destination:

	2019	2018
	£	£
United Kingdom	128,205,470	134,648,400
Rest of Europe	16,589,853	13,907,249
Rest of the world	1,971,386	1,327,495
	146,766,709	149,883,144

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5 OPERATING PROFIT

The operating profit is stated after charging:

	2019	2018
	£	£
Depreciation of tangible fixed asset	1,252,092	1,192,217
Amortisation of intangible assets, including goodwill	18,278	520,185
Fees payable to the Company's auditor & its associates for the audit of the Company's annual financial statements	39,000	35,998
Exchange differences	21,688	36,697
Operating lease rentals	2,749,383	3,272,624
Stock provision charge	139,486	79,754
Stocks recognised as an expense in the period	86,347,362	87,752,963
Defined contribution pension cost	1,778,711	1,646,465
(Loss) /Profit on disposal of fixed assets	(46,325)	600

6 AUDITOR'S REMUNERATION

	2019	2018
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	39,000	35,998

FEES PAYABLE TO THE COMPANY'S AUDITOR AND ITS ASSOCIATES IN RESPECT OF:

Other services relating to taxation	15,000	17,250
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7 EMPLOYEES

Staff costs (including the directors) were as follows:

	2019	2018
	£	£
Wages and salaries	24,675,600	22,452,625
Social security costs	2,883,161	2,887,081
Cost of defined contribution scheme	1,778,711	1,646,465
	29,337,472	26,986,171

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

	2019 No.	2018 No.
Production	126	96
Selling and marketing	245	172
Administration	91	178
	462	446

The directors did not provide specific services to the company in the year. None of the directors received any remuneration from the company in the year and in the prior year.

8 INCOME FROM INVESTMENTS

	2019 £	2018 £
Dividends received from investments in subsidiaries	3,092,000	2,500,000

9 INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £	2018 £
Other interest receivable	-	1,834
	-	1,834

10 INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £	2018 £
Other loan interest payable	2,538,352	1,541,779

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11 TAXATION

	2019	2018
	£	£
CORPORATION TAX		
Current tax on profits for the year	1,251,982	1,743,025
Adjustments in respect of previous periods	(74,106)	(84,527)
TOTAL CURRENT TAX	<u>1,177,876</u>	<u>1,658,498</u>
DEFERRED TAX		
Origination and reversal of timing differences	(33,699)	(53,797)
Effect of changes in tax rates	132,988	5,663
Adjustment in respect of previous periods	(17,232)	978,320
TOTAL DEFERRED TAX	<u>82,057</u>	<u>930,186</u>
	<u><u>1,259,933</u></u>	<u><u>2,588,684</u></u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the standard rate of corporation tax in the UK of 19% (2018 – 19%). The differences are explained below:

	2019	2018
	£	£
Profit on ordinary activities before tax	9,505,968	10,790,776
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19%)	1,806,134	2,050,247
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	119,056	113,981
Adjustments to tax charge in respect of prior periods	(91,338)	893,793
Dividends from UK companies	(605,249)	(475,000)
Short term timing difference leading to an increase/ (decrease) in taxation	152,236	5,663
Effects of group relief/ other reliefs	(120,907)	-
Roundings	1	-
TOTAL TAX CHARGE FOR THE YEAR	<u><u>1,259,933</u></u>	<u><u>2,588,684</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

DEFERRED TAXATION

	2019	2018
	£	£
At beginning of year	1,147,629	217,443
Adjustment in respect of prior years	(17,232)	978,320
Charged to the profit or loss	99,289	(48,134)
Rounding	(1)	-
AT END OF YEAR	1,229,685	1,147,629

The provision for deferred taxation is made up as follows:

	2019	2018
	£	£
Accelerated capital allowances	1,516,197	1,355,237
Short term timing differences	(286,512)	(207,608)
	1,229,685	1,147,629

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. Subsequent to the balance sheet date it was announced that the rate of 19% would continue to apply with effective from 1 April 2020. This change was substantively enacted on 17 March 2020. This will increase the current tax charge accordingly.

Deferred tax assets and liabilities on all timing differences have been calculated at 17% as at 31 December 2019. This has not been recognised in the year ended 31 December 2019 as the change was not substantively enacted at the balance sheet date.

12**DIVIDENDS**

	2019	2018
	£	£
ORDINARY SHARES		
Dividend payable to Sika AG	-	1,800,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

13 INTANGIBLE ASSETS

	Computer Software £	Goodwill £	Total £
COST			
At 1 January 2019	1,246,135	2,982,000	4,228,135
Reallocation from fixed assets	633,986	-	633,986
At 31 December 2019	1,880,121	2,982,000	4,862,121
AMORTISATION			
At 1 January 2019	1,246,135	2,362,962	3,609,097
Charge for the year	18,278	-	18,278
Reallocation from fixed assets	335,928	-	335,928
Reallocation between classes	270,962	(270,962)	-
At 31 December 2019	1,871,303	2,092,000	3,963,303
NET BOOK VALUE			
At 31 December 2019	8,818	890,000	898,818
At 31 December 2018	-	907,398	907,398

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14 TANGIBLE FIXED ASSETS

	Land & buildings £	Fixtures & fittings £	Plant & machinery £	Computer equipment £	Construction in progress £	Total £
COST OR VALUATION						
At 1 January 2019	9,632,495	-	17,124,375	-	1,016,600	27,773,470
Additions	97,689	-	1,112,583	109,957	-	1,320,229
Disposals	(7,290)	-	(197,232)	(1,434)	-	(205,956)
Transfers between classes	-	1,267,078	(2,987,621)	1,751,315	(30,772)	-
At 31 December 2019	9,722,894	1,267,078	15,052,106	1,859,837	985,828	28,887,743
DEPRECIATION						
At 1 January 2019	4,652,718	-	11,332,779	-	-	15,985,497
Charge for the year on owned assets	150,209	34,044	900,841	166,999	-	1,252,093
Disposals	(1,339)	-	(68,265)	(1,275)	-	(70,879)
Transfers between classes	-	1,199,861	(2,731,813)	1,531,953	-	-
At 31 December 2019	4,801,588	1,233,905	9,433,542	1,697,676	0	17,166,711
NET BOOK VALUE						
At 31 December 2019	4,921,306	33,173	5,618,564	162,161	985,828	11,721,032
At 31 December 2018	4,979,777	-	5,791,596	-	1,016,600	11,787,973

Leased assets

There are leased assets held in the company during the current and prior year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

15 Investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	60,785,486
Additions	113,324,693
At 31 December 2019	<u>174,110,179</u>
Net book value	
At 31 December 2019	<u><u>174,110,179</u></u>
At 31 December 2018	<u><u>60,785,486</u></u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Everbuild Building Products Limited	Ordinary	100%	Manufacture, packaging of sealants, adhesives and building products
Axson UK Limited	Ordinary	100%	Supply of polyurethane and epoxy products
Liquid Plastics Limited	Ordinary	100%	Dormant
Sika Contracts Limited	Ordinary	100%	Dormant
Sarnafil Roof Assured Limited	Ordinary	90.25%	Dormant
Dry Mix Solutions Limited	Ordinary	100%	
EIFS Limited (*)	Ordinary	100%	Dormant
Parex Ltd (*)	Ordinary	100%	Holding company
Enevis Group Limited (*)	Ordinary	100%	
Enewall Limited (*)	Ordinary	100%	Manufacture of render & wall insulation
Easipoint Marketing Limited (*)	Ordinary	100%	Dormant

All companies are incorporated in the United Kingdom.

(*) The shares of these companies are held by Sika Limited and/ or its direct 100% subsidiaries.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16 STOCKS

	2019	2018
	£	£
Raw materials and consumables	2,659,932	2,343,236
Work in progress (goods to be sold)	246,539	116,555
Finished goods and goods for resale	7,889,809	5,425,771
	<u>10,796,280</u>	<u>7,885,562</u>

17 DEBTORS

	2019	2018
	£	£
Trade debtors	19,135,731	20,031,622
Amounts owed by group undertakings	3,148,974	2,321,973
Other debtors	181,221	336,347
Prepayments and accrued income	707,768	1,111,693
	<u>23,173,694</u>	<u>23,801,635</u>

Trade and other debtors are stated at cost and receivable within 45 days. Amounts owed by group undertakings are disclosed in note 22.

Fair value is equal to book value.

18 CASH AND CASH EQUIVALENTS

	2019	2018
	£	£
Cash at bank and in hand	28,600	28,207
Less: bank overdrafts	(264)	-
	<u>28,336</u>	<u>28,207</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

19 CREDITORS: Amounts falling due within one year

	2019	2018
	£	£
Bank overdrafts	263	-
Trade creditors	5,620,861	7,623,383
Amounts owed to group undertakings	6,227,382	2,952,105
Corporation tax	534,014	725,892
Other taxation and social security	2,668,813	2,521,460
Accruals and deferred income	6,594,732	6,274,764
	<u>21,646,065</u>	<u>20,097,604</u>

Trade and other creditors are stated at cost and payable within 45 days. Amounts owed to group undertakings are disclosed in note 22.

Fair value is equal to book value.

20 CREDITORS: Amounts falling due after more than one year

	2019	2018
	£	£
Amounts owed to group undertakings	<u>164,324,694</u>	<u>58,633,168</u>

21 PROVISIONS

	Warranty provision
	£
At 1 January 2019	467,000
Charged to profit or loss	(36,000)
At 31 December 2019	<u><u>431,000</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

22 SHARE CAPITAL

	2019	2018
	£	£
Allotted, called up and full paid		
3,000,000 Ordinary shares of £1 each	3,000,000	3,000,000

23 PENSION COMMITMENTS

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. The total contributions outstanding by the company at the year end amounted to £243,683 (2018 - £222,005).

24 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£	£
Land and buildings		
Not later than 1 year	957,000	957,000
Later than 1 year and not later than 5 years	2,204,000	3,203,000
Later than 5 years	5,943,000	6,858,000
	9,104,000	11,018,000

	2019	2018
	£	£
Other		
Not later than 1 year	1,233,000	1,362,000
Later than 1 year and not later than 5 years	1,171,000	1,392,000
	2,404,000	2,754,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

25 RELATED PARTY TRANSACTIONS

During the year the group entered into transactions, in the ordinary course of business, with other related parties. As explained in note 2.1, exemption has been taken from disclosing transactions with related parties and information about key management personnel. Balances with related parties have been disclosed in notes 17, 19 and 20.

26 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate and controlling party is Sika AG, which is incorporated in Baar, Switzerland and prepares group financial statements. Copies of the group financial statements of Sika AG are available from Sika AG, Zugerstrasse 50, 6340 Baar, Switzerland.

27 EVENTS AFTER THE REPORTING DATE

As a result of the COVID 19 pandemic which is subsequent to the year end, Sika Limited along with most businesses has been impacted by this event. As such, the company is expecting that trading results may be affected due to restrictions being in place.

The directors however have considered this to be a non adjusting event and considerations have been made for this which are included in their going concern assessment disclosed in note 2.2.

The company will continue to strategically plan in order to mitigate any potential risks during 2020 which includes detailed cash flows, forecasts and stress tests being performed.

On 1 Jul 2020 Axson UK Ltd transferred its trade and assets to Sika Ltd. We anticipate annual revenues to continue at c.£4.5M however the profitability of the transferred activity will improve as a significant amount of overhead will be removed from the business.