

Registered number: 1476647

Precision Polymer Engineering Limited

Annual report and financial statements

for the year ended 31 December 2021

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Precision Polymer Engineering Limited

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Precision Polymer Engineering Limited

Company information

Officers and professional advisers

Directors

M Uleman
N Thompson
E Riley
B Green

Company Secretary

L M Anderson

Registered office

Greenbank Road
Blackburn
Lancashire
BB1 3EA

Bankers

JPMorgan Bank N.A.
25 Bank Street
Canary Wharf
London
E14 5JP

Solicitors

Baker & McKenzie
100 New Bridge Street
London EC4V 6JA

Independent auditor

Deloitte LLP
Statutory Auditor
Leeds
United Kingdom

Precision Polymer Engineering Limited

Strategic Report

The directors present their strategic report and directors' report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2021.

Principal activity

The principal activity of the company continued to be that of the manufacture and distribution of elastomer seal components.

Results and dividends

The directors were pleased with the upturn in the years' results and believe the company is well placed to support further developments and growth for the future. The key performance indicators used by the company are turnover and profit before taxation. Turnover has increased 17% to £36,445,768 for the year (2020: £31,258,057). The increase in turnover is mainly due to the recovery of the Industrial and Oil & Gas markets following the prior year downturn due to the COVID-19. Semiconductor sales have also remained extremely strong in 2021.

The profit before taxation for the year has increased to £8,108,652 (2020: £7,567,933), primarily due to the increase in turnover.

The balance sheet on page 11 of the financial statements shows that the company's financial position at the year-end has increased by £569,871 in net asset terms from £16,352,200 to £16,922,071.

The directors paid a dividend of £6,250,000 (£1.13 per share) (2020: £nil - £nil per share) to Seals Limited.

Future developments

The company has redefined its strategy by having three core business lines – Semiconductor, Oil & Gas and Industrial. Clear teams have been set up in different geographical locations to enhance the company's ability to grow high value customer accounts and the company will continue to adopt this strategy going into 2022.

Financial risk management

The company's activities expose it to a number of financial risks including market risk, currency risk, uncertainty around COVID-19 global pandemic and Brexit.

COVID-19

To address the uncertainty on COVID-19, management are actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industries and workforce as well as having considerable financial resources together with a strong order book with a number of customers across different geographic areas and industries.

Brexit

The impact of Brexit has caused uncertainty in raw material costs and effected supply chain availability. The company has had to bulk purchase raw materials in advance to minimise any negative impacts and works with its suppliers to monitor the ongoing situation.

Market risk

Competitive pressure in the market is a continuing risk for the company, which could result in losing sales to other competitors, both in the UK and overseas. The company manages this risk by forming and maintaining strong relationships with all customers and offering high levels of service. The company also strives to continually improve levels of service and technical expertise on offer to its customers backed up by a strong development programme of new, innovative materials.

Currency risk

The company both imports and exports worldwide in currencies other than sterling, primarily Euros and US Dollars. The company is therefore exposed to the movement in rates of exchange against sterling. The company manages this risk by operating bank accounts in both Euros and US Dollars in order to facilitate the payment to suppliers in the same currency as received from customers and therefore reducing the need to exchange currency via sterling.

Foreign exchange losses were nominal £0.4m loss in 2021 (2020: £0.2 loss) due to currency fluctuations.

Precision Polymer Engineering Limited

Strategic Report

Approved by the Board of Directors and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'Edward Riley'.

E Riley
Director

26 September 2022

Precision Polymer Engineering Limited

Directors Report

The Company's principal activity, results and dividends, future developments, balance sheet position, and principal risk and uncertainties are presented in the Strategic report.

Directors

The directors who have served during the year and up to the date of this report are as follows:

- M Uleman
- N Thompson
- E Riley
- B Green

Research and development activities

The laboratory continues to provide a facility utilised to develop innovative and boundary challenging materials in many cases specific to the many markets and industries served.

Environment

The group is committed to preventing any possible adverse effects upon the environment and people, arising from its activities.

The group seeks to minimise wherever possible the volume of waste it creates as a result of its activities. However, some waste is inevitable and where possible this is consolidated for reprocessing or recycling. Only licensed, approved specialist waste disposal contacts are used where disposal is the only option available.

Employees

The group policy is to keep employees informed on matters relevant to them as employees through regular meetings and notices.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings, the Company magazine and a special edition for employees of the annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Precision Polymer Engineering Limited

Directors Report

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The strategic report further describes the financial position of the Company; its cash flows and liquidity position; the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to market risk and currency risk.

The financial position of the company, its cash flows and liquidity position are strong.

The business is financed through cash generated from operating activities and there is no reliance on external sources of finance. Cash on the balance sheet is £1,697,458 at 31 December 2021 (2020: £2,064,401).

The company has continued to operate successfully throughout the Covid-19 period, experiencing strong demand in the Semicon market, some changes in the Industrial market and a slight delay in new business in the Oil & Gas market, with no material impact on our trading position. We are continually monitoring our position through daily tracking of sales and orders, weekly cashflow forecasts and continued cost control activities.

We have also conducted a detailed 18-month forecast, including cashflow, basing the sales forecast on customer feedback, this shows that the business remains strong with no material uncertainties.

We have considerable financial resources together with a strong order book with a number of customers across different geographic areas and industries. As a consequence, the directors believe that the group is well placed to manage its business risks successfully, notwithstanding any current economic uncertainty and the impact of Covid-19.

After making enquiries, the directors have an 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 the annual report and financial statements.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor of the company and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



E Riley
Director

26 September 2022

Precision Polymer Engineering Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and the 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Independent Auditor's Report to the members of Precision Polymer Engineering Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Precision Polymer Engineering Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We 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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

Independent Auditor's Report to the members of Precision Polymer Engineering Limited

Other information (continued)

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.

Responsibilities of directors

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

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

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.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect 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 considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included GDPR and Health & Safety at Work Act.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Independent Auditor's Report to the members of Precision Polymer Engineering Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following area, and our specific procedures performed to address it is described below:

- Inventory valuation: we performed testing of the design and implementation of key controls and substantive procedures including testing a sample of sales and purchases of inventory to identify any incorrect inventory valuation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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 the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception.

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

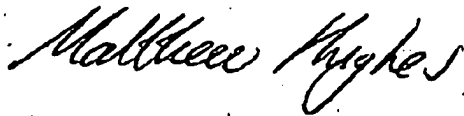
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

We have nothing to report in respect of these matters.

Independent Auditor's Report to the members of Precision Polymer Engineering Limited

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.

A handwritten signature in black ink, reading "Matthew Hughes". The signature is written in a cursive, flowing style.

Matthew Hughes BSc (Hons) ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, UK

30 September 2022

Precision Polymer Engineering Limited

Profit and Loss Account

For the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	3	36,445,768	31,258,057
Cost of sales		(20,796,951)	(16,636,120)
Gross profit		15,648,817	14,621,937
Distribution costs		(4,212,158)	(4,032,561)
Administrative expenses		(3,328,007)	(3,021,443)
Operating profit		8,108,652	7,567,933
Profit before taxation	4	8,108,652	7,567,933
Tax on profit	8	(1,218,781)	(603,824)
Profit and total comprehensive income for the financial year		<u>6,889,871</u>	<u>6,964,109</u>

The notes on pages 13 to 25 form an integral part of these financial statements.

There are no recognised gains and losses other than as stated above for the current financial year or previous year. Accordingly, no statement of other comprehensive income has been presented.

All results above arise from continuing operations.

Precision Polymer Engineering Limited

Balance sheet

As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	9	3,045,660	3,013,875
Investments in Joint Ventures	10	551,854	112,942
		<u>3,597,514</u>	<u>3,126,817</u>
Current assets			
Stocks	11	3,903,157	3,956,405
Debtors			
– due within one year	12	11,926,302	12,119,562
Cash at bank and in hand		<u>1,697,458</u>	<u>2,064,104</u>
		17,526,917	18,140,368
Creditors: amounts falling due within one year	13	<u>(3,751,513)</u>	<u>(4,572,815)</u>
Net current assets		<u>13,775,404</u>	<u>13,567,553</u>
Total assets less current liabilities		<u>17,372,918</u>	<u>16,694,370</u>
Creditors: amounts falling due after more than one year			
Provisions for liabilities	14	<u>(380,847)</u>	<u>(342,170)</u>
Net assets		<u>16,992,071</u>	<u>16,352,200</u>
Capital and reserves			
Called-up share capital	15	5,506,862	5,506,862
Profit and loss account		<u>11,485,209</u>	<u>10,845,338</u>
Shareholders' funds		<u>16,992,071</u>	<u>16,352,200</u>

The financial statements of Precision Polymer Engineering Limited (registered number 1476647) were approved by the board of directors and authorised for issue on 26 September 2022. They were signed on its behalf by:

Edward Riley

E Riley
Director

Precision Polymer Engineering Limited

Statement of changes in equity At 31 December 2021

	Called-up share capital £	Profit and loss account £	Total £
At 1 January 2020	5,506,862	3,881,229	9,388,091
Profit for the year and total comprehensive income	-	6,964,109	6,967,109
At 31 December 2020	5,506,862	10,845,338	16,352,200
Profit for the year and total comprehensive income	-	6,889,871	6,889,871
Dividends paid (note 16)	-	(6,250,000)	(6,250,000)
At 31 December 2021	5,506,862	11,485,209	16,992,071

Precision Polymer Engineering Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

Precision Polymer Engineering Limited is a private company incorporated in England in the United Kingdom limited by shares under the Companies Act 2006. The address of the registered office is given on Company information page. The nature of the Company's operations and its principal activities are set out in the strategic report on page 1.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Precision Polymer Engineering Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Precision Polymer Engineering Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Precision Polymer Engineering Limited is consolidated in the financial statements of its parent, IDEX Corporation, which may be obtained at 3100 Sanders Rd Suite 301, Northbrook, IL, 60062, USA. Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement and remuneration of key management personnel.

b. Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The strategic report further describes the financial position of the Company; its cash flows and liquidity position; the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to market risk and currency risk.

The financial position of the company, its cash flows and liquidity position are strong.

The business is financed through cash generated from operating activities and there is no reliance on external sources of finance. Cash on the balance sheet is £1,697,458 at 31 December 2021 (2020: £2,064,401).

The company has continued to operate successfully throughout the Covid-19 period, experiencing strong demand in the Semicon market, some changes in the Industrial market and a slight delay in new business in the Oil & Gas market, with no material impact on our trading position. We are continually monitoring our position through daily tracking of sales and orders, weekly cashflow forecasts and continued cost control activities.

We have also conducted a detailed 18-month forecast, including cashflow, basing the sales forecast on customer feedback, this shows that the business remains strong with no material uncertainties.

We have considerable financial resources together with a strong order book with a number of customers across different geographic areas and industries. As a consequence, the directors believe that the group is well placed to manage its business risks successfully, notwithstanding any current economic uncertainty and the impact of Covid-19.

After making enquiries, the directors have an 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 the annual report and financial statements.

Precision Polymer Engineering Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting policies (continued)

c. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Plant and machinery	10% straight line basis
Motor vehicles	25% reducing balance
Fixtures and fittings	10% straight line basis
Office equipment	10% straight line basis
Computer equipment	33% straight line basis

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

d. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

e. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Precision Polymer Engineering Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting policies (continued)

e. Taxation (continued)

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

f. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are dispatched to the customer. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

g. Employee benefits

Precision Polymer Engineering Limited operates a defined contribution pension scheme, for which the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

h. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences are recognised in profit or loss in the period in which they arise

i. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Precision Polymer Engineering Limited

Notes to the financial statements For the year ended 31 December 2021

1. Accounting policies (continued)

j. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

k. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material).

When some or all of the economic benefits required to settle the provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Precision Polymer Engineering Limited

Notes to the financial statements

For the year ended 31 December 2021

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The directors believe there are no critical judgements or key sources of estimation uncertainty required in the preparation of the financial statements.

3. Turnover

An analysis of the Company's turnover by geographical market is set out below.

	2021 £	2020 £
Turnover:		
EMEA	19,169,170	16,339,783
Americas	9,152,760	7,551,783
Asia Pacific	8,123,838	7,366,491
	<u>36,445,768</u>	<u>31,258,057</u>

All turnover was driven from the Company's principal activity in both the current and prior years (2020: same).

Precision Polymer Engineering Limited

Notes to the financial statements For the year ended 31 December 2021

4. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of tangible fixed assets (note 9)	683,327	599,398
Research and development	197,180	232,359
Operating lease rentals	429,493	468,336
Foreign exchange loss	356,107	166,304
Impairment of stock recognised as an expense	243,889	262,276
Loss on disposal of tangible fixed assets	10,639	23,929
	<u>2,020,425</u>	<u>1,744,602</u>

5. Auditor's remuneration

Fees payable to the Company's auditor, Deloitte LLP, and their associates were as follows:

	2021 £	2020 £
Audit of the company's annual accounts	47,213	44,965
Taxation compliance services	8,450	6,000
	<u>55,663</u>	<u>50,965</u>

6. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2021 Number	2020 Number
Production	203	194
Distribution	8	7
Sales	24	24
Administration	20	20
	<u>255</u>	<u>245</u>

Precision Polymer Engineering Limited

Notes to the financial statements

For the year ended 31 December 2021

6. Staff numbers and costs (continued)

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	9,330,543	9,310,272
Social security costs	932,904	930,588
Other pension costs	494,351	459,797
	<u>10,757,798</u>	<u>10,700,657</u>

7. Directors' remuneration and transactions

	2021 £	2020 £
<i>Directors' remuneration</i>		
Emoluments	916,103	636,642
Company contributions to money purchase schemes	35,429	13,743
	<u>951,532</u>	<u>650,385</u>

The number of directors who:

	Number	Number
Exercised options over shares in the parent company.	<u>2</u>	<u>1</u>

	2021 £	2020 £
Remuneration of the highest paid director:		
Emoluments	403,163	396,058
Company contributions to money purchase schemes	<u>10,967</u>	<u>10,333</u>

The highest paid director exercised 1,118 share options in the year and had 1,405 shares receivable under long term incentive plans.

The highest paid director is a member of the Company's money purchase pension scheme.

3 directors were remunerated in the 2021 financial year (2020: 3). The number of directors who accrued benefits under company money purchase schemes was nil (2020: nil). Other directors are remunerated by other group companies, and their costs are incidental, so it is not practical to recharge their costs to the company.

Precision Polymer Engineering Limited

Notes to the financial statements

For the year ended 31 December 2021

8. Tax on profit

The tax charge comprises:

	2021 £	2020 £
Current tax on profit		
UK corporation tax	1,012,527	585,970
Adjustments in respect of prior years		
UK corporation tax	167,577	13,010
Total current tax	1,180,104	598,980
Deferred tax		
Origination and reversal of timing differences	38,677	4,844
Total tax charge on profit	1,218,781	603,824

Factors that may affect future tax charges

The Provisional Collection of Taxes Act, enacted on 17 March 2020, set the corporation tax rate at 19% from 1 April 2020, the rate which has been used in preparing these financial statements.

The Finance Bill 2021 introduced an increase to the main rate of corporation tax to 25% from April 2023. This rate was substantively enacted on 24 May 2021. As a result, deferred tax balances expected to reverse after April 2023 and calculated at the previous 19% rate have been re-measured using the increased 25% rate.

Precision Polymer Engineering Limited

Notes to the financial statements

For the year ended 31 December 2021

8. Tax on profit (continued)

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2021 £	2020 £
Profit before tax	8,108,652	7,567,933
Tax on profit at standard UK corporation tax rate of 19 per cent (2020: 19 per cent)	1,540,644	1,437,907
Effects of:		
- Expenses not deductible for tax purposes	-	49,649
- Other	25,947	54,022
- Interest not chargeable for tax purposes	-	(94)
- NTLR	-	94
- Group tax relief	(515,387)	(950,764)
- Adjustments to tax charge in respect of previous periods	167,577	13,010
Total tax charge	1,218,781	603,824

9. Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Fixtures & Fittings £	Computer Equipment £	Office Equipment £	Total £
Cost						
At 1 January 2021	7,426,765	8,823	1,592,107	697,741	57,596	9,783,032
Additions	532,702	-	-	193,477	-	726,180
Disposals	(210,005)	(6,495)	-	-	-	(216,500)
At 31 December 2021	7,749,462	2,328	1,592,107	891,218	57,596	10,292,711
Depreciation						
At 1 January 2021	4,947,523	7,218	1,350,362	415,773	48,280	6,769,156
Charge for the year	498,070	489	63,539	118,851	2,378	683,327
On disposals	(200,053)	(5,379)	-	-	-	(205,432)
At 31 December 2021	5,245,539	2,328	1,413,902	534,624	50,658	7,247,051
Net book value						
At 31 December 2021	2,503,923	-	178,205	356,594	6,938	3,045,660
At 31 December 2020	2,479,242	1,605	241,745	281,968	9,315	3,013,875

The company has no assets held under finance leases (2020 same).

Precision Polymer Engineering Limited

Notes to the financial statements

For the year ended 31 December 2021

10. Investments in Joint Ventures

	2021 £	2020 £
Cost		
At 1 January 2021	112,942	-
Additions	438,912	112,942
	551,854	112,942
Net book value		
At 31 December 2021	551,854	112,972

In 2020, the company invested in a new joint venture project in the Kingdom of Saudi Arabia. During 2021, an additional \$605,000 capital contribution was paid.

11. Stocks

	2021 £	2020 £
Raw materials and consumables	1,210,872	1,525,241
Work in progress	632,050	506,582
Finished goods and goods for resale	2,060,235	1,924,312
	3,903,157	3,956,405

There is no material difference between the balance sheet value of stocks and their replacement cost.

12. Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	2,708,338	2,690,074
Amounts owed by group undertakings	8,650,831	9,150,422
Prepayments and other debtors	567,133	279,066
	11,926,302	12,119,562

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

Precision Polymer Engineering Limited

Notes to the financial statements For the year ended 31 December 2021

13. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	1,432,478	2,204,353
Amounts owed to group undertakings	377,029	420,523
Corporation tax	98,690	72,181
Other taxation and social security	169,435	169,023
Accruals and deferred income	1,673,881	1,706,735
	<u>3,751,513</u>	<u>4,572,815</u>

Amounts owed to group undertakings are repayable on demand, interest free and unsecured.

14. Provision for deferred tax

	Deferred taxation £
At 1 January 2021	342,170
Charged to profit and loss account	<u>38,677</u>
At 31 December 2021	<u>380,847</u>

Deferred tax is provided as follows:

	2021 £	2020 £
Accelerated capital allowances	<u>380,847</u>	<u>342,170</u>
Provision for deferred tax	<u>380,847</u>	<u>342,170</u>

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

Precision Polymer Engineering Limited

Notes to the financial statements For the year ended 31 December 2021

15. Called-up share capital and reserves

	2021 £	2020 £
Allotted, authorised, called-up and fully-paid 5,506,862 ordinary shares of £1 each	<u>5,506,862</u>	<u>5,506,862</u>

The Company has one class of ordinary shares which carry no right to fixed income.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

16. Dividends

	2021 £	2020 £
Equity dividends		
Paid during the year:	6,250,000	-
Dividends on equity shares, £1.13 per share (2020: £nil per share)	<u> </u>	<u> </u>

17. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2021		2020	
	Land & buildings £	Other £	Land & buildings £	Other £
Leases which expire:				
Within one year	-	5,049	9,800	2,243
Between one and five years	1,193,867	11,947	1,589,027	27,499
After more than five years	-	-	-	-
	<u>1,193,867</u>	<u>16,996</u>	<u>1,598,827</u>	<u>29,742</u>

18. Employee benefits

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the period ended 31 December 2021 was £494,351 (2020: £459,797). Unpaid contributions included within other creditors at the balance sheet date were £nil (2020: £nil).

Precision Polymer Engineering Limited

Notes to the financial statements

For the year ended 31 December 2021

19. Ultimate and immediate parent company and controlling entity

The company is a subsidiary of Seals Ltd. a company incorporated in the United Kingdom. The ultimate parent and ultimate controlling company is IDEX Corporation, a company incorporated in the United States of America. IDEX Corporation is the smallest and largest group that prepares consolidated group financial statements which include the results of Precision Polymer Engineering Limited, copies of which may be obtained from 3100 Sanders Rd Suite 301, Northbrook, Illinois, 60062, USA.

20. Related party transactions

In accordance with paragraph 1.12 of FRS 102 "Related Party Disclosures" transactions with other group undertakings within, and investee related parties of, the IDEX Corporation Group have not been disclosed in these financial statements. There have been no transactions with directors other than as disclosed in note 7.

21. Off balance-sheet arrangements

There are no transactions which have not been recognised in the financial statements (2020: nil).