

TROAX (U.K.) LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**



TROAX (U.K.) LIMITED

COMPANY INFORMATION

DIRECTORS	T Widstrand D W Teulon (resigned 30 April 2021) E Finch (appointed 15 April 2021) D N Chappell (appointed 13 December 2021)
REGISTERED NUMBER	01707609
REGISTERED OFFICE	Enterprise House Murdock Road Dorcan Swindon Wiltshire SN3 5HY
INDEPENDENT AUDITOR	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG
BANKERS	Nordea Bank Finland Plc 8th Floor City Place House 55 Basinghall Street London EC2V 5NB
SOLICITORS	Bevan Brittan LLP Kings Orchard 1 Queen Street Bristol BS2 0HQ

TROAX (U.K.) LIMITED

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TROAX (U.K.) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

BUSINESS REVIEW

The directors are satisfied with the level of activity during the year. The directors' projections for the next financial year ending 31 December 2022 are expected to show a full recovery of the business post COVID with the prospect of continued growth and record performance in 2022 and beyond (further detail is shown below).

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting the company are competition risk and the economic climate. The directors monitor these risks on an on-going basis.

At the date of signing the UK and worldwide markets continue to be affected by the COVID19 pandemic. Troax (U.K.) Limited has not been immune to the effects of the situation, however, decisive management action has resulted in record order and sales activity at the end of 2021 and into 2022 and beyond. Going forward, the management expect to business levels to continue to increase and are actively responding and developing the organisation as the situation returns to normal.

FINANCIAL KEY PERFORMANCE INDICATORS

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk.

The company's principal financial assets are cash balances held with the Bank, trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The company has no significant concentration of credit risk, with exposure spread over a large number of customers.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses the services of the Group treasury function.

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures and allow the company to choose the currency in which payment is made to the Group, although none were in place at the year end.

This report was approved by the board on 14th April 2022 and signed on its behalf.



E Finch
Director

TROAX (U.K.) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

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;
- 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.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £3,743,484 (2020 - £2,851,783).

Dividends of £2,000,000 (2020 - £2,000,000) were paid to Troax AB in the financial year.

DIRECTORS

The directors who served during the year were:

T Widstrand
D W Teulon (resigned 30 April 2021)
E Finch (appointed 15 April 2021)
D N Chappell (appointed 13 December 2021)

FUTURE DEVELOPMENTS

At the date of signing the UK and worldwide markets continue to be affected by the COVID19 pandemic. Troax (U.K.) Limited has not been immune to the effects of the situation, however, decisive management action has resulted in record order and sales activity at the end of 2021 and into 2022 and beyond. Going forward, the management expect to business levels to continue to increase and are actively responding and developing the organisation as the situation returns to normal.

TROAX (U.K.) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

DISCLOSURE OF INFORMATION TO AUDITOR

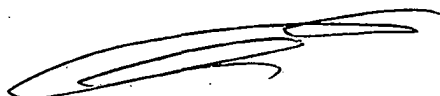
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

AUDITOR

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

This report was approved by the board on 19th April 2022 and signed on its behalf.



E Finch
Director

TROAX (U.K.) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF TROAX (U.K.) LIMITED

OPINION

We have audited the financial statements of Troax (U.K.) Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

TROAX (U.K.) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF TROAX (U.K.) LIMITED (CONTINUED)

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. 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.

OPINION 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.

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 the Directors' report.

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on page 2, 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.

TROAX (U.K.) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF TROAX (U.K.) LIMITED (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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 obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the company for fraud. The laws and regulations we considered in this context for the UK operations were health and safety, taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases and designing audit procedures to test the recognition of income.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

TROAX (U.K.) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF TROAX (U.K.) LIMITED (CONTINUED)

USE OF OUR REPORT

This report is made solely to the Company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Mark Evans (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Black Country House

Rounds Green Road

Oldbury

West Midlands

B69 2DG

Date:

TROAX (U.K.) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	20,803,251	12,135,408
Cost of sales		(16,323,808)	(8,953,132)
Gross profit		4,479,443	3,182,276
Distribution costs		(604,420)	(691,078)
Administrative expenses		(794,222)	(757,209)
Other operating income	5	924,287	546,913
Operating profit	6	4,005,088	2,280,902
Income from Subsidiary		500,000	1,000,000
Profit before tax		4,505,088	3,280,902
Tax on profit	10	(761,604)	(429,119)
Profit for the financial year		3,743,484	2,851,783

There was no other comprehensive income for 2021 (2020: £NIL).

The notes on pages 11 to 23 form part of these financial statements.

TROAX (U.K.) LIMITED
REGISTERED NUMBER: 01707609

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	197,439	188,514
Investments	12	100,000	100,000
		<u>297,439</u>	<u>288,514</u>
Current assets			
Stocks	13	566,260	935,916
Debtors: amounts falling due within one year	14	2,842,835	2,100,323
Cash at bank and in hand	15	2,658,611	1,535,308
		<u>6,067,706</u>	<u>4,571,547</u>
Creditors: amounts falling due within one year	16	(1,398,499)	(1,636,899)
Net current assets		<u>4,669,207</u>	<u>2,934,648</u>
Total assets less current liabilities		<u>4,966,646</u>	<u>3,223,162</u>
Provisions for liabilities			
Deferred tax	17	(11,231)	(11,231)
		<u>(11,231)</u>	<u>(11,231)</u>
Net assets		<u><u>4,955,415</u></u>	<u><u>3,211,931</u></u>
Capital and reserves			
Called up share capital	19	150,000	150,000
Profit and loss account	18	4,805,415	3,061,931
		<u><u>4,955,415</u></u>	<u><u>3,211,931</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
19 April 2022

E Finch
Director

TROAX (U.K.) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	150,000	2,210,148	2,360,148
Comprehensive income for the year			
Profit for the year	-	2,851,783	2,851,783
Total comprehensive income for the year	-	2,851,783	2,851,783
Dividends: Equity capital	-	(2,000,000)	(2,000,000)
At 1 January 2021	150,000	3,061,931	3,211,931
Comprehensive income for the year			
Profit for the year	-	3,743,484	3,743,484
Total comprehensive income for the year	-	3,743,484	3,743,484
Dividends: Equity capital	-	(2,000,000)	(2,000,000)
At 31 December 2021	150,000	4,805,415	4,955,415

The notes on pages 11 to 23 form part of these financial statements.

TROAX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

Troax (U.K.) Limited is a private company limited by shares which is incorporated in England (No.01707609). The address of its registered office is Enterprise House, Murdock Road, Dorcan, Swindon, Wiltshire, SN3 5HY.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historic cost convention in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006.

2.2 REDUCED DISCLOSURE EXEMPTIONS FOR SUBSIDIARIES

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objections to, the use of exemptions by the company's shareholder and immediate parent (see note 21).

The company has taken advantage of the following exemptions:

No statement of cash flows has been presented, as the wholly owned subsidiary is included in the consolidated financial statements of the group.

Disclosures in respect of the company's financial instruments have not been presented as equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

Related party transactions have not been disclosed with other wholly owned members of the group.

2.3 GOING CONCERN

At the date of signing the UK and worldwide markets whilst still being adversely affected by the COVID19 pandemic, have staged a strong recovery in our business sector. During the pandemic and 2021, Troax (UK) Limited has secured large orders with major international customers. These orders should result in another period of good performance in 2022 and beyond.

After considering the above and making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least twelve months from the date of signing this report. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

2.4 TURNOVER

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax. Turnover is recognised when the goods have been despatched.

TROAX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES (CONTINUED)

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 bases:

Leasehold land and buildings	-	over the shorter of the term of the lease and 40 years
Plant and machinery	-	10% - 15% per annum
Fixtures and fittings	-	20% per annum
Computer equipment	-	33.3% per annum

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 since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

2.6 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less provision for impairment where applicable.

2.7 STOCKS

Stocks are stated at the lower of cost and net realisable value. Cost represents expenditure incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred for completion and disposal.

Provision is made for any items which, in the opinion of the directors, are slow moving.

2.8 DEBTORS

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

2.9 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions.

2.10 CREDITORS

Short term creditors are measured at transaction price.

TROAX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.11 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.12 DIVIDENDS

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

2.13 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

TROAX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES (CONTINUED)

2.15 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet 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 Balance sheet.

2.16 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet 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 Balance sheet 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 balance sheet date.

TROAX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The key sources of estimation uncertainty in the financial statements are described below.

3.1 USEFUL ECONOMIC LIVES OF TANGIBLE FIXED ASSETS

The annual depreciation charge for the tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical conditions of assets. See note 11 for carrying value of short-term leasehold property, hire equipment, fixtures and equipment. See note 2.5 for the useful lives for each class of asset.

3.2 STOCK PROVISIONING

It is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the goods, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 13 for the net carrying value of stock.

3.3 IMPAIRMENT OF DEBTORS

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of debtors, management considers factors including the current credit rating of the customer, the ageing profile of the debtors and historical experiences. See note 14 for the net carrying value of debtors.

3.4 Management charge

The management charge between Troax U.K. Limited and its subsidiary Troax Lee Manufacturing Limited is set at a fixed rate per month and has been calculated based on management's estimate of the services utilised from one entity to the other. This is a significant judgement made by management to determine the level of intercompany services.

4. TURNOVER

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	11,106,451	9,024,139
Rest of Europe	653,284	375,411
Rest of the world	9,043,516	2,735,858
	<u>20,803,251</u>	<u>12,135,408</u>

TROAX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

5. OTHER OPERATING INCOME

	2021 £	2020 £
Other operating income	-	101,949
Service charge receivable	924,287	444,964
	<u>924,287</u>	<u>546,913</u>

6. OPERATING PROFIT

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	41,274	34,398
Exchange differences	54,233	19,582
Other operating lease rentals	19,553	88,974
Auditors remuneration - audit fees	8,275	7,875
Auditors remuneration - non audit fees	915	875
	<u>124,250</u>	<u>141,706</u>

7. EMPLOYEES

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

	2021 £	2020 £
Wages and salaries	1,210,138	1,117,241
Social security costs	99,953	123,196
Cost of defined contribution scheme	50,502	53,444
	<u>1,360,593</u>	<u>1,293,881</u>

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

	2021 No.	2020 No.
Average number of employees	<u>23</u>	<u>24</u>

No employees other than the Directors were deemed to be Key Management Personnel throughout 2021 and 2020. Directors' remuneration is detailed in Note 8 below.

TROAX (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. DIRECTORS' REMUNERATION

	2021 £	2020 £
Directors' emoluments	265,000	215,573
Company contributions to defined contribution pension schemes	7,000	10,000
	<u>272,000</u>	<u>225,573</u>

During the year retirement benefits were accruing to 2 directors (2020 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £160,000 (2020 - £224,655).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,000 (2020 - £10,000).

9. INCOME FROM INVESTMENTS

	2021 £	2020 £
Dividends received from 100% owned subsidiary	(500,000)	(1,000,000)
	<u>(500,000)</u>	<u>(1,000,000)</u>

10. TAXATION

	2021 £	2020 £
CORPORATION TAX		
Current tax on profits for the year	761,604	429,119
	<u>761,604</u>	<u>429,119</u>
TOTAL CURRENT TAX	<u>761,604</u>	<u>429,119</u>
DEFERRED TAX		
TOTAL DEFERRED TAX	<u>-</u>	<u>-</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>761,604</u>	<u>429,119</u>

TROAX (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as *(2020 - the same as)* the standard rate of corporation tax in the UK of 19% *(2020 - 19%)* as set out below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>4,505,088</u>	<u>3,280,902</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% <i>(2020 - 19%)</i>	855,967	623,371
EFFECTS OF:		
Capital allowances for year in excess of depreciation	637	(4,252)
Non-taxable income	<u>(95,000)</u>	<u>(190,000)</u>
TOTAL TAX CHARGE FOR THE YEAR	<u><u>761,604</u></u>	<u><u>429,119</u></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges

TROAX (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Plant & machinery £	Fixtures & fittings £	Computer equipment £	Total £
COST OR VALUATION					
At 1 January 2021	592,494	107,075	78,103	90,005	867,677
Additions	10,761	7,128	10,569	21,741	50,199
At 31 December 2021	603,255	114,203	88,672	111,746	917,876
DEPRECIATION					
At 1 January 2021	467,237	78,891	59,754	73,281	679,163
Charge for the year on owned assets	14,931	5,020	7,563	13,760	41,274
At 31 December 2021	482,168	83,911	67,317	87,041	720,437
NET BOOK VALUE					
At 31 December 2021	121,087	30,292	21,355	24,705	197,439
At 31 December 2020	125,257	28,184	18,349	16,724	188,514

12. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 January 2021	100,000
At 31 December 2021	100,000

TROAX (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. FIXED ASSET INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKING

The following was a subsidiary undertaking of the Company:

Name	Class of shares	Holding
Troax Lee Manufacturing Limited	Ordinary	100%

13. STOCKS

	2021	2020
	£	£
Finished goods and goods for resale	566,260	935,916
	566,260	935,916

An impairment provision of £24,163 (2020: £10,222) was recognised against stock during the year due to slow-moving and obsolete stock.

14. DEBTORS

	2021	2020
	£	£
Trade debtors	2,042,086	1,727,395
Amounts owed by group undertakings	709,855	305,545
Corporation tax	15,789	-
Prepayments and accrued income	75,105	67,383
	2,842,835	2,100,323

A bad debt provision of £38,197 (2020: £86,325) has been recognised against trade debtors during the year.

15. CASH AND CASH EQUIVALENTS

	2021	2020
	£	£
Cash at bank and in hand	2,658,611	1,535,308
	2,658,611	1,535,308

TROAX (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	68,820	76,090
Amounts owed to group undertakings	598,740	915,814
Corporation tax	-	4,832
Other taxation and social security	329,331	389,563
Accruals and deferred income	401,608	250,600
	<u>1,398,499</u>	<u>1,636,899</u>

17. DEFERRED TAXATION

	2021 £
At beginning of year	(11,231)
AT END OF YEAR	<u>(11,231)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(11,231)	(11,231)
	<u>(11,231)</u>	<u>(11,231)</u>

TROAX (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

18. RESERVES

Profit & loss account

Called up share capital - represents the nominal value of shares that have been issued.

Profit and loss account - includes all current and prior year retained profits and losses.

19. SHARE CAPITAL

	2021 £	2020 £
ALLOTTED, CALLED UP AND FULLY PAID		
150,000 (2020 - 150,000) Ordinary shares of £1.00 each	<u>150,000</u>	<u>150,000</u>

20. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	19,000	19,000
Later than 1 year and not later than 5 years	57,000	57,000
Later than 5 years	1,679,917	1,698,917
	<u>1,755,917</u>	<u>1,774,917</u>

	2021 £	2020 £
Not later than 1 year	82,855	54,657
Later than 1 year and not later than 5 years	166,897	60,745
Later than 5 years	-	569
	<u>249,752</u>	<u>115,971</u>

21. CONTROLLING PARTY

The immediate and ultimate parent company is Troax Group AB, which is incorporated in Sweden.

Troax Group AB heads up the smallest and largest group which prepares consolidated financial statements, which includes the company. The company is therefore exempt from the requirement to produce consolidated financial statements of its own group under section 400 of the Companies Act 2006. The financial statements for the group are available to the public from Enterprise House, Murdock Road, Dorcan, Swindon, Wiltshire, SN3 5HY.

TROAX (U.K.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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22. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under FRS102 section 33 "Related Party Disclosures", not to disclose details of its transactions with related parties. This exemption is available as the transactions are with other wholly owned members of the group.