Registered number: 02616448

FloPlast Limited

Annual report and financial statements

For the year ended 31 December 2020

FloPlast Limited

Company Information

Directors	B F Lynch T A O'Brien S J Norris
Company secretary	B F Lynch
Registered number	02616448
Registered office	Castle Road Eurolink Business Park Sittingbourne Kent ME10 3FP
Independent auditor	Kreston Reeves LLP Statutory Auditor & Chartered Accountants Montague Place Quayside Chatham Maritime Chatham Kent ME4 4QU
Bankers	Allied Irish Bank (GB) 4-19 Berkeley Square Mayfair London W1J 6BR

FloPlast Limited

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FloPlast Limited

Strategic report
For the year ended 31 December 2020

Introduction

The directors have pleasure in presenting their strategic report for the year ended 31 December 2020. The directors aim to present a balanced and comprehensive review of the development and performance of the company's business during the year and its position at the year end. The review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties that the company faces.

Business review

This time last year, the general election was out of the way, a Conservative government with a large majority had been elected, and the main cause of uncertainty was our future trading arrangement with the EU. That quickly became a side show as the scale of the COVID-19 pandemic became evident and turned our lives upside down.

2020 was a rollercoaster of a year for the economy, with March's lockdown testing our resolve and nerve, but as is often the case, our markets rebounded relatively quickly with trade redirected to on-line platforms and businesses that quickly adapted to the new norms of socially distanced product distribution.

Against this background FloPlast had an encouraging year. As alluded to in last year's report we implemented significant changes to streamline our operations for 2020 and the result was a leaner more focused business. These cost savings allied to increased volume throughput provided the platform for an increase in our sales revenue of £7.4 million (+13%) from £56 million to £63 million and increased EBITDA of £10.6 million from £6.4 million in 2019. (+66%).

As 2020 ended, at the 11th hour the UK and EU negotiated a tariff and quota free trade deal in goods and time will tell how this plays out. This together with the vaccine rollout provides great optimism for our business in 2021 and beyond.

Of course, the trade deal and vaccine news were not just positive for our business sector. The rollout is going to take some time but there is a light at the end of the tunnel, and we can at least start to anticipate life returning to some level of normality later this year. This should open up those parts of the economy that have been so badly affected by the pandemic and hopefully we will see employment and consumer spending all begin to recover.

Many aspects of our lives will be permanently changed by COVID-19 and from an investment perspective we believe the importance of corporate responsibility has been accelerated. Companies have been and will continue to be judged on how they handled the pandemic and how they treated their staff and customers. Their impact on society and the environment more broadly will be closely watched and increasing numbers of investors will want to ensure they are investing in responsibly focused companies.

In this regard, FloPlast has a culture that characterises and distinguishes us, and which is necessary in these difficult times, where values increasingly matter and are indispensable for overcoming adversity and progressing together towards a better future.

FloPlast is a well-established brand in the plastic plumbing and building products market and our products and customer service are recognised as being industry leading.

We remain optimistic for 2021 and beyond, as the post Brexit era kicks in and the vaccine is rolled out, with greater investment in infrastructure and housing from both the public and private sectors. The company has the facilities, capacity, staff, customers and suppliers to take advantage of the opportunities that will arise.

Strategic report (continued)
For the year ended 31 December 2020

Principal risks and uncertainties

The directors recognise that risk is inherent in any business and seek to manage risk in a controlled manner. The key business risks are set out as follows:

Economic - the company is subject to many of the same general economic risks faced by other businesses and especially during periods of economic downturn. The company seeks to mitigate this risk by having a diverse product range and geographical mix of customers. At the time of signing the accounts the directors are aware of the potential economic effects of the Covid-19 virus outbreak. The full impact of the pandemic on the UK economy is yet to be seen, but the company will continue to seek to mitigate this risk by following the UK Government's guidelines and adapting/developing its own internal strategy.

Commercial - the company operates in a competitive marketplace and faces competition from a number of other manufacturers. The company seeks to mitigate this risk by continually developing and improving its product offering and providing an excellent customer service to a diverse customer base.

Financing - the company's funding requirements are met through a combination of overdraft facilities and positive cash-flow. The company continues to maintain a strong cash position which negates, to a large degree, the requirement for external funding.

Financial - the company has a specific exposure to credit risk, liquidity risk, interest rate and exchange rate fluctuations. The company has established a number of policies to mitigate the risks presented, further details of which are disclosed in the directors' report.

Financial key performance indicators

The key financial performance indicators (KPI's) are as follows:

	2020 £'000	2019 £'000
Turnover	63,497	56,192
Profit before tax	8,655	4,496

Other key performance indicators

The directors also monitor product sales and margins, production efficiency, working capital levels, return on capital employed and levels of cash balances.

Directors' statement of compliance with duty to promote the success of the company

This statement is intended by the Board of Directors to set out how they have approached and met their responsibilities under s172(1)(a) to (f) of the Companies Act 2006 in the financial period ending 31 December 2020.

Stakeholders of the company include employees, shareholders, customers, suppliers, creditors of the business and the community in which it operates.

The directors', both individually and collectively, consider that they have acted in good faith to promote the success of the company for the benefit of its stakeholders as a whole (having regard to the matters set out in s172 of the Act) in the decisions taken during the period. In particular:

- To ensure the Board take account of the likely consequences of their decisions in the long term, they receive regular and timely information on all the key areas of the business including financial performance, operational matters, health & safety, environmental reports, risks and opportunities - all supported by KPIs. The company's performance and progress is also reviewed regularly at Board and senior management meetings.
- The company's employees are fundamental to the success of the business. The directors understand that it is critical to engage with and understand their views and to ensure that all employees' interests are considered. To strengthen employee engagement, the directors' promote and encourage all employees to raise any concerns or suggestions with senior management without hesitation. During the period, the company continued to invest in its departmental resources and I.T. infrastructure to further support and enhance the working environment for its employees.
- The company's customers and suppliers are also fundamental to the success of the business and as a leading manufacturer and supplier of plastic building and plumbing systems in the UK, it is essential that the company maintains its reputation for high quality product and high standards of business conduct. The company strives to continually improve and strengthen its supply chain, products and customer service for the mutual benefit of all of its stakeholders.
- The directors take environmental matters into consideration as part of their decision-making process and aim to be a responsible member of the local and wider community, minimising the company's impact on the environment wherever possible.
- The directors' intentions are to behave responsibly toward all stakeholders and treat them fairly and equally, so that they all benefit from the long-term success of the company.

The directors have overall responsibility for determining the company's purpose, values and strategy and for ensuring high standards of governance. The primary aim of the directors is to promote the long-term sustainable success of the company, generating value for stakeholders and contributing to the wider society. Throughout 2021, the Board will continue to review and challenge how the company can improve engagement with its employees and other stakeholders.

This report was approved by the board on 19 March 2021 and signed on its behalf.

B F Lynch
Director

FloPlast Limited

Directors' report
For the year ended 31 December 2020

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

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 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;
- 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.

Principal activity

The company's principal activity during the year continued to be that of the manufacture and distribution of plastic building and plumbing products and systems.

Dividends

The company did not pay an interim dividend during the year and the directors do not recommend the payment of a final dividend.

Directors

The directors who served during the year were:

B F Lynch
T A O'Brien
S J Norris

Financial instruments

The company's principal financial instruments comprise bank balances, bank overdraft facility, trade creditors and trade debtors. The main purpose of these instruments is to provide funds to finance the company's operations. The main risks arising from the financial instruments are interest rate risk, liquidity risk, and foreign currency risk.

Due to the nature of the financial instruments used by the company, there is no exposure to price risk. The company's approach to managing other risks applicable to financial instruments is shown below.

In respect of bank balances, liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdraft facilities at a floating rate of interest.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors' liquidity risk is managed by ensuring that sufficient funds are available to meet amounts due.

The company operates primarily within the UK. Its exposure to currency risk is therefore not considered to be significant.

Research and development activities

The company continues to invest in significant research and development projects utilising its own resources.

Engagement with suppliers, customers and others

During the period the company worked to strengthen its supplier and customer relationships, as ensuring that the company maintains an efficient and effective supply chain is critical to its long term success.

Throughout the period, the company continued to actively engage with its customer base, building and strengthening its relationships and establishing clear lines of communication.

The company continues to build on its business relationships in all areas; to promote best practice, increase efficiencies, and secure long-term, sustainable success.

Greenhouse gas emissions, energy consumption and energy efficiency action

The company's greenhouse gas emissions and energy consumption are as follows:

	2020
Emissions resulting from activities for which the company is responsible involving the combustion of gas or consumption of fuel for the purposes of transport (in tonnes of CO2 equivalent)	**351.5**
Emissions resulting from the purchase of the electricity by the company for its own use, including the purposes of transport (in tonnes of CO2 equivalent)	**1,540.4**
Energy consumed from activities for which the company is responsible involving the combustion of gas, or the consumption of fuel for the purposes of transport, and the annual quantity of energy consumed resulting from the purchase of electricity by the company for its own use, including for the purposes of transport, in kWh	**7,817,948**

Emission factors are based on Government published 2020 GHG conversion factors.

Measures taken to increase energy efficiency during the reporting period:

- Converting internal and external lighting to more efficient LED lights; and
- Investing in new, upgraded plant and machinery providing increased energy efficiency.

The SECR submission has been compiled using the 2019 HM Government Environmental Reporting Guidelines.

Emissions have been grouped according to the GHG Protocol Corporate Standard.

We have used the following data sources to compile the report:
- Energy and fuel data - energy supplier billing data;
- Transport data - company mileage records; and
- Refrigerant emissions - engineering maintenance records

CO2 emissions have been calculated using the 2020 UK Government Conversion Factors for Company Reporting.

Emissions have been calculated for the company financial year 1 January 2020 to 31 December 2020.

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per tonne produced. This equates to 0.40 for 2020.

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.

Directors' report (continued)
For the year ended 31 December 2020

Auditor

Under section 487(2) of the Companies Act 2006, Kreston Reeves LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 19 March 2021 and signed on its behalf.

B F Lynch
Director

FloPlast Limited

Independent auditor's report to the members of FloPlast Limited

Opinion

We have audited the financial statements of FloPlast Limited (the 'company') for the year ended 31 December 2020, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity, the Statement of cash flows 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Independent auditor's report to the members of FloPlast Limited (continued)

Other information

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

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

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

Independent auditor's report to the members of FloPlast 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:

Based on our understanding of the company and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery, employment law and certain aspects of company legislation. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and taxation legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of stock using the standard costing method. Audit procedures performed by the engagement team included:

- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud; and

- Challenging assumptions and judgements made by management in its significant accounting estimates; and

- Checking the reconciliation of key control accounts; and

- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and

- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and

- Reading minutes of meetings of those charged with governance and reviewing correspondence with relevant tax authorities; and

- Physical inspection of tangible assets susceptible to fraud or irregularity; and

- Tested the recoverability of trade debtors as at year end for any evidence of material misstatement; and

- Reviewed the controls in place to safeguard physical quantities of stock as part of our year end stock taking procedures; and

- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Independent auditor's report to the members of FloPlast Limited (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Allan Pinner FCCA (Senior statutory auditor)
for and on behalf of
Kreston Reeves LLP
Statutory Auditor
Chartered Accountants
Chatham Maritime

19 March 2021

FloPlast Limited

Statement of comprehensive income
For the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	**63,496,952**	56,192,134
Cost of sales		**(44,291,977)**	(40,064,182)
Gross profit		**19,204,975**	16,127,952
Distribution costs		**(8,790,684)**	(9,084,705)
Administrative expenses		**(2,323,183)**	(2,528,347)
Other operating income	5	**595,352**	-
Operating profit	6	**8,686,460**	4,514,900
Interest receivable and similar income	10	**276**	414
Interest payable and expenses	11	**(31,763)**	(19,724)
Profit before tax		**8,654,973**	4,495,590
Tax on profit	12	**(1,808,981)**	(916,072)
Profit for the financial year		**6,845,992**	3,579,518

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 17 to 29 form part of these financial statements.

FloPlast Limited
Registered number: 02616448

Balance sheet
As at 31 December 2020

	Note		2020 £		2019 £
Fixed assets					
Tangible assets	13		**35,792,237**		35,910,561
			35,792,237		35,910,561
Current assets					
Stocks	14	**7,502,374**		9,772,186	
Debtors: amounts falling due within one year	15	**9,774,709**		9,653,858	
Cash at bank and in hand	16	**13,378,110**		2,142,957	
		30,655,193		21,569,001	
Creditors: amounts falling due within one year	17	**(11,410,255)**		(9,546,365)	
Net current assets			**19,244,938**		12,022,636
Total assets less current liabilities			**55,037,175**		47,933,197
Provisions for liabilities					
Deferred tax	18	**(945,833)**		(687,847)	
			(945,833)		(687,847)
Net assets			**54,091,342**		47,245,350
Capital and reserves					
Called up share capital	19		**30,000**		30,000
Capital redemption reserve			**70**		70
Profit and loss account			**54,061,272**		47,215,280
			54,091,342		47,245,350

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 March 2021.

B F Lynch
Director

The notes on pages 17 to 29 form part of these financial statements.

FloPlast Limited

Statement of changes in equity
For the year ended 31 December 2020

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	**30,000**	**70**	**43,635,762**	**43,665,832**
Comprehensive income for the year				
Profit for the year	-	-	3,579,518	3,579,518
At 1 January 2020	**30,000**	**70**	**47,215,280**	**47,245,350**
Comprehensive income for the year				
Profit for the year	-	-	6,845,992	6,845,992
At 31 December 2020	**30,000**	**70**	**54,061,272**	**54,091,342**

The notes on pages 17 to 29 form part of these financial statements.

Share capital

This represents the nominal value of shares that have been issued by the company.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Profit and loss account

This reserve comprises all current and prior period retained profits and losses after deducting any distributions made to the shareholders.

Statement of cash flows
For the year ended 31 December 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	**6,845,992**	3,579,518
Adjustments for:		
Depreciation of tangible assets	**1,973,605**	1,998,037
Interest paid	**31,763**	19,724
Interest received	**(276)**	(414)
Taxation charge	**1,808,981**	916,072
Decrease/(increase) in stocks	**2,269,812**	(193,455)
(Increase) in debtors	**(120,851)**	(1,036,621)
Increase/(decrease) in creditors	**1,409,920**	(1,228,683)
Corporation tax (paid)	**(1,032,466)**	(765,420)
Net cash generated from operating activities	**13,186,480**	3,288,758
Cash flows from investing activities		
Purchase of tangible fixed assets	**(2,147,185)**	(4,360,824)
Sale of tangible fixed assets	**227,345**	106,964
Interest received	**276**	414
Net cash from investing activities	**(1,919,564)**	(4,253,446)
Cash flows from financing activities		
Interest paid	**(31,763)**	(19,724)
Net cash used in financing activities	**(31,763)**	(19,724)
Net increase/(decrease) in cash and cash equivalents	**11,235,153**	(984,412)
Cash and cash equivalents at beginning of year	**2,142,957**	3,127,369
Cash and cash equivalents at the end of year	**13,378,110**	2,142,957
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**13,378,110**	2,142,957
	13,378,110	2,142,957

The notes on pages 17 to 29 form part of these financial statements.

Analysis of Net Debt
For the year ended 31 December 2020

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	2,142,957	11,235,153	13,378,110
	2,142,957	11,235,153	13,378,110

The notes on pages 17 to 29 form part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2020

1. Company information

FloPlast Limited is a limited liability company incorporated in England. The address of the registered office is Castle Road, Eurolink Business Park, Sittingbourne, Kent ME10 3FP. The principal activity of the company is that of the manufacture and distribution of plastic building and plumbing products and systems.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis. While the impact of the Covid-19 virus has been assessed by the directors, so far as reasonably possible, due to its unprecedented impact on the wider economy, it is difficult to evaluate with any certainty the potential outcomes on the company's trade, its customers and suppliers. However, taking into consideration the UK Government's response, its range of measures to support business and the company's own performance in 2020, resources and planning, the directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future.

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.

2. Accounting policies (continued)

2.4 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Assets in the course of construction and freehold land are not depreciated. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives.

Depreciation is provided on the following bases:

Freehold buildings	-	2% on cost
Plant, machinery and office equipment	-	10% to 20% on cost
Motor vehicles	-	25% to 33% on reducing balance

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 'operating profit' in the statement of comprehensive income.

2.5 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.

2.6 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 balance sheet 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 profit or loss.

2.7 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. Accounting policies (continued)

2.8 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 insignificant risk of change in value.

2.9 *Financial instruments*

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other amounts receivable and payable, loans from banks and other third parties, and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other amounts receivable and payable, are initially measured at the 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, such as 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.

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 impairment is found, an impairment loss is recognised in the statement of comprehensive income.

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 balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

2.10 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. Accounting policies (continued)

2.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Pound sterling.

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.

2.12 Finance costs

Finance costs are charged to profit or loss 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.

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 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

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. Accounting policies (continued)

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.

2.17 Research and development

Research and development expenditure is written off in the year in which it is incurred.

2.18 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

2.19 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year. The nature of estimation is such though that actual outcomes could differ significantly from those estimates.

The following judgement has had the most significant impact on amounts recognised in the financial statements:

Lease commitments

The company has entered into a range of lease commitments in respect of property, plant and equipment. The classification of these leases as either financial or operating leases requires the directors to consider whether the terms and conditions of each lease are such that the company has acquired the risks and rewards associated with the ownership of the underlying assets.

The following are the company's key sources of estimation uncertainty:

Tangible fixed assets

The company has recognised tangible fixed assets with a carrying value of £35,792,237 at the reporting date (see note 13). These assets are stated at their cost less provision for depreciation and impairment. The company's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings the company determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Taxation

Provision has been made in the financial statements for deferred tax amounting to £945,833 at the reporting date (see note 18). This provision is based upon estimates of the availability of future taxable profits, the timing of the reversal of timing differences upon which the provision is based and the tax rates that will be in force at that time together with an assessment of the impact of future tax planning strategies.

4. Turnover

The whole of the turnover is attributable to one continuing activity, the manufacture and distribution of plastic building and plumbing products and systems.

The vast majority of turnover arose within the United Kingdom. It is considered that the proportion which related to overseas markets is not significant.

5. Other operating income

	2020	2019
	£	£
Government grants received	**595,352**	-
	595,352	-

Notes to the financial statements
For the year ended 31 December 2020

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	**1,973,605**	1,998,037
Other operating lease rentals - land and buildings	**-**	210,000

7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	**19,180**	17,540

Fees payable to the company's auditor and its associates in respect of:

All other services	**4,354**	3,837

8. Employees

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

	2020 £	2019 £
Wages and salaries	**7,241,735**	7,240,744
Social security costs	**746,780**	778,914
Cost of defined contribution scheme	**255,539**	272,795
	8,244,054	8,292,453

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

	2020 No.	2019 No.
Administration	**57**	56
Manufacturing and distribution	**173**	172
	230	228

Notes to the financial statements
For the year ended 31 December 2020

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	**1,140,128**	1,139,392
Company contributions to defined contribution pension schemes	**10,000**	10,000
	1,150,128	1,149,392

During the year retirement benefits were accruing to 1 director (2019 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £570,407 (2019 - £570,399).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2019 - £10,000).

10. Interest receivable

	2020 £	2019 £
Other interest receivable	**276**	414
	276	414

11. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	**31,763**	19,724
	31,763	19,724

12. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	**1,563,761**	759,810
Adjustments in respect of previous periods	**(12,766)**	(10,296)
Total current tax	**1,550,995**	749,514
Deferred tax		
Origination and reversal of timing differences	**257,986**	166,558
Total deferred tax	**257,986**	166,558
Taxation on profit on ordinary activities	**1,808,981**	916,072

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	**8,654,973**	4,495,590
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**1,644,445**	854,162
Effects of:		
Expenses not deductible for tax purposes	**7,239**	16,791
Depreciation for year in excess of capital allowances	**82,882**	82,197
Adjustments to tax charge in respect of prior periods	**(13,919)**	(16,726)
Other timing differences leading to an increase/(decrease) in taxation	**88,334**	(20,352)
Total tax charge for the year	**1,808,981**	916,072

Factors that may affect future tax charges

No provision has been made for deferred tax on the sale of freehold property in 2004 when potential taxable gains were rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided is £143,000.

13. Tangible fixed assets

	Freehold land and buildings £	Plant, machinery and office equipment £	Motor Vehicles £	Total £
Cost or valuation				
At 1 January 2020	**32,409,771**	**26,331,404**	**556,050**	**59,297,225**
Additions	**-**	**1,832,382**	**250,244**	**2,082,626**
Disposals	**-**	**(409,948)**	**(318,678)**	**(728,626)**
At 31 December 2020	**32,409,771**	**27,753,838**	**487,616**	**60,651,225**
Depreciation				
At 1 January 2020	**4,682,663**	**18,452,571**	**251,430**	**23,386,664**
Charge for the year on owned assets	**530,232**	**1,345,829**	**97,544**	**1,973,605**
Disposals	**-**	**(338,948)**	**(162,333)**	**(501,281)**
At 31 December 2020	**5,212,895**	**19,459,452**	**186,641**	**24,858,988**
Net book value				
At 31 December 2020	**27,196,876**	**8,294,386**	**300,975**	**35,792,237**
At 31 December 2019	27,727,108	7,878,833	304,620	35,910,561

Included in freehold land and buildings is land at a cost of £6,806,863 (2019 - £6,806,863), which is not depreciated.

14. Stocks

	2020 £	2019 £
Raw materials	**823,873**	814,821
Work in progress	**637,281**	560,827
Finished goods and goods for resale	**6,041,220**	8,396,538
	7,502,374	9,772,186

An impairment provision increase of £20,369 (2019 - increase of £39,532) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

Notes to the financial statements
For the year ended 31 December 2020

15. Debtors

	2020 £	2019 £
Trade debtors	**8,808,918**	8,330,560
Other debtors	**2,000**	-
Prepayments and accrued income	**963,791**	1,323,298
	9,774,709	9,653,858

An impairment loss of £73,543 (2019: £45,468) was recognised against trade debtors.

16. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	**13,378,110**	2,142,957
	13,378,110	2,142,957

17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	**8,586,430**	7,421,423
Corporation tax	**863,761**	345,232
Other taxation and social security	**1,497,452**	1,319,920
Accruals and deferred income	**462,612**	459,790
	11,410,255	9,546,365

18. Deferred taxation

	2020 £	2019 £
At beginning of year	**(687,847)**	(521,289)
Charged to profit or loss	**(257,986)**	(166,558)
At end of year	**(945,833)**	(687,847)

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	**948,965**	697,609
Other short term timing differences	**(3,132)**	(9,762)
	945,833	687,847

19. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
8,400 (2019 - 8,400) Ordinary shares of £1.00 each	**8,400**	8,400
19,600 (2019 - 19,600) 'B' Ordinary shares of £1.00 each	**19,600**	19,600
2,000 (2019 - 2,000) 'C' Ordinary shares of £1.00 each	**2,000**	2,000
	30,000	30,000

20. Capital commitments

At 31 December 2020 the company had capital commitments as follows:

	2020 £	2019 £
Contracted for but not provided in these financial statements	**1,004,790**	-
	1,004,790	-

21. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension cost charge represents contributions payable by the company to the fund and amounted to £163,717 (2019 - £185,950). Contributions totalling £37,382 (2019 - £39,066) were payable to the fund at the balance sheet date and are included in creditors.

22. Related party transactions

During the year the company entered into normal business transactions with Cork Plastics (Manufacturing), a company controlled by the Lynch and O'Brien families:

Purchases of £17,962,555 (2019 - £18,681,592)
Sales of £590,715 (2019 - £456,315)

At the balance sheet date the net amount due to Cork Plastics (Manufacturing) was £3,414,722 (2019 - £4,588,841).

Key management personnel

All directors who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals is disclosed in note 9 to the accounts.

23. Controlling party

The company is not controlled by any single party.