

**MBA Polymers United Kingdom Limited**

Annual report and financial statements

Registered number 6455767

31 December 2020



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## Strategic Report

The directors present their strategic report for the Company for the year ended 31 December 2020.

### Principal Activities

The principal activity of the company is the manufacture and supply of high quality sustainable polymers from complex post-consumer waste streams, in particular end of life vehicles. The Company offers a broad range of products with virgin quality specifications and reliability including ABS (acrylonitrile butadiene styrene), HIPS (high impact polystyrene), HDPE (high density polyethylene), PP (polypropylene) and Filled PP.

Our long term aim for the Company has been to turn Automotive Shredder Residue (ASR) back into auto components and 'close the loop' on the use of plastics in the car industry. We continue to work closely with automobile manufacturers and their suppliers to meet this aim.

### Financial and business review

The company's directors use the following KPIs to aid in understanding the development, performance and position of the business as reported in these financial statements:-

- Average selling price per tonne (ex-works)
- Yield (finished goods over feed of raw materials)
- Lab Yield (amount of target plastic in the feed as a percentage of all feed)
- Yield efficiency (finished goods over target plastic)

The company has considered both financial and non-financial measures in defining KPI's. The table below lists the key KPIs for the Company:

Year Ended	31 December 2020 £000	31 December 2019 £000	% Change
Turnover	8,932	10,332	(14%)
Gross (Loss)	(2,927)	(2,976)	2%
Gross (loss) margin percent	(33%)	(29%)	(4%)
Operating Loss	(5,273)	(4,583)	(15%)

The future outlook of the business is one of steady growth based on focusing on the quality of the product made and improving the yield. By improving the quality, the demand for the products at a higher selling price will be achieved. Continued focus on operating costs and elimination of waste will underpin that growth.

### Principal risks relating to the business

The Company seeks to limit adverse effects on its financial performance by monitoring and reviewing risks, taking appropriate actions and by adopting policies to mitigate risks. Given the size of the Company the directors have not delegated the responsibility of monitoring risk management to a sub-committee of the Board.

The Company's operations expose it to a variety of risks that include the effects of foreign exchange, changes in commodity and debt market prices, credit risk, liquidity risk and interest risk. In particular, the company is exposed to the following risks:

## Strategic Report (continued)

**Raw material supplies** - As the plant continues to increase its processing capacity, it becomes more critical to secure additional good sources of raw materials.

**Raw material prices** - As the company increases its sources of raw materials and expands its operations it is exposed to commodity price risk. The company looks to secure long term fixed price contracts where possible to secure both supply and price to mitigate this risk, as the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

**Credit risk** - The effects of credit risk are controlled as the company has implemented policies that require appropriate credit checks on potential customers before sales are made. All customers have credit limits and sales are only made outside these limits when appropriate procedures have been followed. The board receives regular reports on amounts due and amounts significantly overdue and the relevant action taken. Credit insurance is also utilised where suitable.

**Liquidity risk** - In addition to their own bank accounts, the company can call upon additional support from its significant investors where necessary to ensure the company has sufficient available funds for operations and planned expansion.

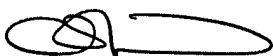
Management continues to consider the impact of Brexit on the Group going forward, as described below.

- *Volatility of the pound.* With operations and revenues in the UK, the USA and Continental Europe, the Group has something of a natural hedge to the foreign exchange movements already experienced and anticipated in the future.
- *A weakening of the UK economy.* The Group expect that this could have an impact on UK scrap arising as a result of manufacturing, consumer and construction activity falling.
- *Trade barriers and tariffs.* Revenues are determined by the movement of commodity raw materials, internationally traded in US dollars. Accordingly, the Group sees limited impact of any such measures on sales. However, it is conceivable that purchases of recycled materials from the automotive and other industrial sectors could be affected.
- *Legislation.* The UK business is largely regulated under EU environmental legislation. The broad consensus of opinion is that environmental/waste laws under which we operate are positive. The Group therefore expects no meaningful change on this front in the short to medium term.
- *Ripples in the global economy.* Global demand for recycled commodities is ultimately driven by the health of the global economy, in particular emerging markets. The Group believes that, although there could be some effect from the Brexit decision, China is the overwhelming driver of the economics for the sale of hard commodities.

### Going concern

The financial statements have been prepared on the basis of the Company being a going concern, on the confirmation that the principal investor, Ausurus Group Ltd will continue to extend financial support for the Company to continue operations and to settle financial obligations as they arise. The board of directors are confident that the financial accommodation to meet the working capital requirements of the Company will be available at least for a period of twelve months from the date of the approval of the financial statements.

On behalf of the board



C Sheppard  
Director

30 March 2021

## Directors' report

The directors present their report together with the audited financial statements for the year ended 31 December 2020.

### Directors

The directors who held office during the year were as follows:

Christopher Sheppard

Anthony Marrett

Neil Stinson

The company maintained throughout the year and at the approval of the financial statements, liability insurance for its directors and officers.

### Research and development

There is no research and development expenditure.

### Proposed dividend

The directors do not recommend the payment of a dividend (2019: £nil).

### Disabled Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### Political contributions

The Company made no political donations or incurred any political expenditure during the year.

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



C Sheppard  
Director  
30 March 2021

Sandy Lane  
Worksop  
Nottinghamshire  
S80 3ET

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **Independent auditor's report to the members of MBA Polymers United Kingdom Limited**

### **Opinion**

We have audited the financial statements of MBA Polymers United Kingdom Limited ("the company") for the year ended 31 December 2020 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

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 loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

## **Independent auditor's report to the members of MBA Polymers United Kingdom Limited (continued)**

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. 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. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

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. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover these reports and we do not express an audit opinion thereon.



## **Independent auditor's report to the members of MBA Polymers United Kingdom Limited (continued)**

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

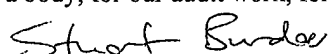
### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Stuart Burdass (Senior statutory auditor)**

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 St Peter's Square, Manchester, M2 3AE

31 March 2021

**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2020*


	<i>Note</i>	<b>2020</b> <b>£000</b>	<b>2019</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>8,932</b>	<b>10,332</b>
Cost of sales		(11,859)	(13,308)
<b>Gross loss</b>		<b>(2,927)</b>	<b>(2,976)</b>
Distribution costs		(532)	(632)
Administrative expenses		(1,812)	(927)
Other operating income		(2)	(48)
<b>Operating loss</b>		<b>(5,273)</b>	<b>(4,583)</b>
Loss on sale of fixed assets		-	(25)
<b>Loss before taxation</b>	<b>2-5</b>	<b>(5,273)</b>	<b>(4,608)</b>
Tax on loss	<b>6</b>	<b>457</b>	<b>360</b>
<b>Loss for the financial year</b>		<b>(4,816)</b>	<b>(4,248)</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income for the year, net of income tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(4,816)</b>	<b>(4,248)</b>

The notes on pages 12-22 form part of the financial statements.

**Balance Sheet**  
*at 31 December 2020*

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Investments in subsidiaries	7	42	542
Tangible assets	8	3,297	6,468
		<u>3,339</u>	<u>7,010</u>
<b>Current assets</b>			
Stocks	9	1,435	1,235
Debtors	10	2,310	1,618
Cash at bank and in hand		778	2,078
		<u></u>	<u></u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(3,680)</u>	<u>(2,943)</u>
<b>Net current assets</b>		843	1,988
		<u></u>	<u></u>
<b>Total assets less current liabilities</b>		4,182	8,998
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(7)</u>	<u>(7)</u>
		(7)	(7)
<b>Net assets</b>		<u>4,175</u>	<u>8,991</u>
<b>Capital and reserves</b>			
Called up share capital	14	13,598	13,598
Share premium account	14	33,274	33,274
Other reserves	14	14,529	14,529
Profit and loss account		(57,226)	(52,410)
		<u></u>	<u></u>
<b>Shareholders' funds</b>		<u>4,175</u>	<u>8,991</u>

These financial statements were approved by the board of directors on 30 March 2021 and were signed on its behalf by:



C Sheppard

Director

Company registered number: 6455767

The notes on pages 12-22 form part of the financial statements.

## Statement of Changes in Equity

	Called up Share capital £000	Share Premium £000	Other reserves £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2019	13,598	33,274	14,503	(48,162)	13,213
Loss for the period	-	-	-	(4,248)	(4,248)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-	(4,248)	(4,248)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Transactions with owners, recorded directly in equity</b>					
Issue of new shares	-	-	-	-	-
Capital reserves increase	-	-	26	-	26
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	-	26	-	26
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2019</b>	<b>13,598</b>	<b>33,274</b>	<b>14,529</b>	<b>(52,410)</b>	<b>8,991</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 12-22 form part of the financial statements.

*MBA Polymers United Kingdom Limited  
Annual report and financial statements  
31 December 2020*

	Called up Share capital £000	Share Premium £000	Other reserve s £000	Profit and loss account £000	Total Equity £000
Balance at 1 January 2020	13,598	33,274	14,529	(52,410)	8,991
Loss for the period	-	-	-	(4,816)	(4,816)
Total comprehensive income for the period	-	-	-	(4,816)	(4,816)
Balance at 31 December 2020	13,598	33,274	14,529	(57,226)	4,175

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

MBA Polymers United Kingdom Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £000.

The Company’s ultimate parent undertaking, Ausurus Group Ltd, includes the Company in its consolidated financial statements. The consolidated financial statements of Ausurus Group Ltd are available to the public and may be obtained from Companies House. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 17.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

Notwithstanding a loss for the year then ended 31 December 2020 of £4,816k the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors of Ausurus Group Limited have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downside scenarios for the impact of COVID-19 the group will be able to operate with the levels of its agreed facilities and covenant requirements for at least that period.

Those forecasts are dependent on Ausurus Group Limited providing additional financial support during that period. Ausurus Group Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### 1.3 Foreign currency

Transactions in foreign currencies are translated to the Company’s functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### 1.5 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### 1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.11 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- plant and equipment 5 to 10 years

## Notes (continued)

### 1 Accounting policies (continued)

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### 1.7 Stocks

Finished goods are stated at the lower of cost and estimated selling price less costs to complete and sell. Raw materials are valued at purchase cost.

#### 1.8 Impairment excluding stocks and deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

#### 1.9 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

#### 1.10 Turnover

Turnover is measured at the fair value of consideration receivable by the Group for goods supplied and a service produced, excluding VAT and trade discounts.



## Notes (continued)

### 1 Accounting policies (continued)

#### 1.11 Grant income

Grant income is recognised as deferred income upon receipt and amortised over a 10 year period.

#### 1.12 Expenses

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset/are expensed as incurred.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### 1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## Notes (continued)

### 2 Turnover

	2020 £000	2019 £000
Sale of goods	8,932	10,332
Total turnover	<u>8,932</u>	<u>10,332</u>
By geographical market		
EU Countries	<u>8,932</u>	<u>10,332</u>

### 3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2020 £000	2019 £000
Depreciation	<u>3,314</u>	<u>3,330</u>

Auditor's remuneration:

	2020 £000	2019 £000
Audit of these financial statements	<u>27</u>	<u>27</u>

### 4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2020	2019
Production	101	104
Administration and selling	8	7
	<u>109</u>	<u>111</u>

## Notes (continued)

### 4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2020 £000	2019 £000
Wages and salaries	2,921	3,173
Social security costs	271	297
Contributions to defined contribution plans	85	79
	<u>3,277</u>	<u>3,549</u>

### 5 Directors' remuneration

	2020 £000	2019 £000
Directors' remuneration	-	-

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £nil (2019:nil)

There are other directors of MBA Polymers UK Limited who are not remunerated for their role as director of MBA Polymers UK Limited. The remuneration of these directors is borne by the principal investors of the company and Ausurus Group Ltd.

## Notes (continued)

### 6 Taxation

#### Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2020 £000	2019 £000
<i>Current tax</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	(17)
	<hr/>	<hr/>
Total current tax (charge)/credit	-	(17)
	<hr/>	<hr/>
<i>Deferred tax</i>		
Deferred tax on income for the period	407	277
Adjustments in respect of prior periods	50	100
	<hr/>	<hr/>
Total deferred tax credit	457	377
	<hr/>	<hr/>
Total tax credit	457	360
	<hr/>	<hr/>

#### Reconciliation of effective tax rate

	2020 £000	2019 £000
Loss for the year	(4,816)	(4,248)
Total tax (credit)	(457)	(360)
	<hr/>	<hr/>
Loss excluding taxation	(5,273)	(4,608)
Tax using the UK corporation tax rate of 19% (2019: 19%)	(1,001)	(876)
Non-deductible expenses	(4)	17
Other timing differences	-	-
Impact of rate change	(42)	32
Adjustments in respect of prior periods	(50)	(83)
Group relief surrendered / claimed for nil payment	640	550
	<hr/>	<hr/>
Total tax (credit) included in loss	(457)	(360)
	<hr/>	<hr/>

## Notes (continued)

### 7 Investments in subsidiaries

	£000
<b>Cost and carrying amount</b>	
At 1 January 2020	542
Dividends received	(500)
	<hr/>
<b>At 31 December 2020</b>	<b>42</b>
	<hr/>

	Country of incorporation	Principal activity	Percentage of share held
<b><u>Subsidiary undertakings</u></b>			
PPR Wipag Limited*	UK	Recovery of sorted materials	100%

\* Registered office: Sirius House Delta Crescent, Westbrook, Warrington, Cheshire, England, WA5 7NS

MBA received a dividend of £500k (2019: nil) in the year from PPR Wipag Limited. This has reduced the carrying value of the investment held.

### 8 Tangible fixed assets

	Plant and Equipment £000	Total £000
<b>Cost</b>		
Balance at 1 January 2020	33,571	33,571
Additions	143	143
	<hr/>	<hr/>
Balance at 31 December 2020	<b>33,714</b>	<b>33,714</b>
	<hr/>	<hr/>
<b>Depreciation and impairment</b>		
Balance at 1 January 2020	(27,103)	(27,103)
Depreciation charge for the year	(3,314)	(3,314)
	<hr/>	<hr/>
Balance at 31 December 2020	<b>(30,417)</b>	<b>(30,417)</b>
	<hr/>	<hr/>
<b>Net book value</b>		
At 1 January 2020	6,468	6,468
	<hr/>	<hr/>
<b>At 31 December 2020</b>	<b>3,297</b>	<b>3,297</b>
	<hr/>	<hr/>

## Notes (continued)

### 9 Stocks

	2020	2019
	£000	£000
Raw materials and consumables	1,052	917
Finished goods	383	318
	<u>1,435</u>	<u>1,235</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £1,952k (2019: £1,914k).

### 10 Debtors

	2020	2019
	£000	£000
Trade debtors	1,389	903
Deferred tax (note 13)	761	377
Other debtors	36	96
Prepayments and accrued income	124	242
	<u>2,310</u>	<u>1,618</u>
Due within one year	<u>2,310</u>	<u>1,618</u>
	<u>2,310</u>	<u>1,618</u>

### 11 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	401	341
Taxation and social security	102	108
Deferred income	-	85
Other creditors	517	959
Amounts owed to group undertakings	2,660	1,450
	<u>3,680</u>	<u>2,943</u>

## Notes (continued)

### 12 Creditors: amounts falling after more than one year

	2020 £000	2019 £000
Deferred income	7	7
	<u>7</u>	<u>7</u>

Deferred income relates to grant monies received and amortised over a 10 year period.

### 13 Deferred tax assets and liabilities

The deferred tax asset consists of decelerated capital allowances in respect of plant of £761k (2019: £377k).

The Company has unrecognised gross tax losses of £24,265,591 (2019: £24,265,591). These are not recognised due to the uncertainty over timings of when the losses will be utilised.

In the 2021 Budget released on 3 March 2021, the Government announced its intention to increase the corporation tax rate from 19% to 25% which is effective from 1 April 2023.

The expected impact of this rate change on the Group's tax position will be an increase in the deferred tax asset by £240k. As this was not enacted at the balance sheet date, the impact of this will be accounted for within the financial statements for the period ended 31 December 2021 following the enactment of the legislation changes through parliament.

### 14 Capital and reserves

#### Share capital

	2020 £000	2019 £000
<b><i>Allotted, called up and fully paid</i></b>		
61,679,884 (2019: 61,679,884) B Ordinary shares of £0.01 each	617	617
849,000,000 (2019: 849,000,000) Deferred A shares of £0.01 each	8,490	8,490
449,068,950 (2019: 449,068,950) Deferred B shares of £0.01 each	4,491	4,491
	<u>13,598</u>	<u>13,598</u>
<b><i>Share Premium Account</i></b>		
Balance brought forward	33,274	33,274
Additions in the year	-	-
	<u>33,274</u>	<u>33,274</u>
Balance to carry forward	<u>33,274</u>	<u>33,274</u>
<b><i>Other reserves</i></b>		
At 1 January 2020		14,529
At 31 December 2020		<u>14,529</u>

## Notes (continued)

### 14 Capital and reserves (continued)

A and B deferred shares do not carry any entitlement to any participation in the profits or assets of the company save that on a return of capital the holders thereof are entitled to the payment of the sum of £1 in aggregate after each of the holders of the A ordinary shares and B ordinary shares have received the sum of £1m each.

### 15 Commitments

#### Capital commitments

The Company's contractual commitments to purchase tangible fixed assets at the year-end were £24k (2019: £ 60k).

### 16 Related parties

#### Identity of related parties with which the Company has transacted

#### Other related party transactions

	Sales		Administrative expenses incurred	
	2020	2019	2020	2019
	£000	£000	£000	£000
Entities with control, joint control or significant influence	164	199	-	-
Other related parties	-	-	233	242
	<u>164</u>	<u>199</u>	<u>233</u>	<u>242</u>
	<b>Debtors outstanding</b>	<b>Debtors outstanding</b>	<b>Creditors outstanding</b>	<b>Creditors outstanding</b>
	2020	2019	2020	2019
	£000	£000	£000	£000
Entities with control, joint control or significant influence	-	-	-	-
Other related parties	-	-	2,661	1,450
	<u>-</u>	<u>-</u>	<u>2,661</u>	<u>1,450</u>

### 17 Ultimate parent company and parent company of larger group

At the year end, the Company was a subsidiary undertaking of Invenens Limited. The ultimate controlling party is Ausurus Group Ltd.

The largest and only group in which the results of the Company are consolidated is that headed by Ausurus Group Ltd incorporated in England. The consolidated financial statements of this group are available to the public and may be obtained from Companies House.

### 18 Accounting estimates and judgements

#### Key sources of estimation uncertainty

The Company has assessed for any impairment indicators at year end and noted no impairment indicators apparent.