

Company registration number: 08420899

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020

CHANNELPLAST (UK)
LIMITED



MENZIES
BRIGHTER THINKING

CHANNELPLAST (UK) LIMITED

COMPANY INFORMATION

Directors	N. J. B. Howell J. B. Ruiz-Tapiador
Registered number	08420899
Registered office	Ashcombe House 5 The Crescent Leatherhead Surrey England KT22 8DY
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY

CHANNELPLAST (UK) LIMITED

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CHANNELPLAST (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The company operates in the polymer distribution market.

Business review

As our Budget for 2020 was being finalised few could have guessed what lay ahead during this turbulent year. The plan was for a step-change growth in the company's turnover based on the development of sales of materials from existing Group Suppliers. But the onslaught of the Covid 19 pandemic quickly altered expectations as demand in many market sectors dropped and factories cut back production.

The first quarter of 2020 was steady but as Covid 19 tightened its grip market prices dropped dramatically in the second quarter. Indeed in May we saw some of the lowest commodity polymer prices for well over a decade. Our sales volumes, though below Budget, held up surprisingly well throughout this period as new requirements emerged for pandemic related applications. The third quarter saw prices and demand start to pick up again, whilst the fourth quarter saw a real resurgence in a more bullish market environment.

Throughout the year the impending Brexit was somewhat overshadowed by Covid-19. However during November and December there was clearly a Brexit effect as customers stocked up. With uncertainties in impending border processes vehicles coming from the EU were in short supply, and logistics costs temporarily escalated.

Across the year the Company's sales volumes understandably fell well short of the ambitious Budget expectations however overall the sales volumes achieved were the best in the Company's history, an increase of 7% versus 2019. Overall turnover fell approximately 11% which was directly linked to market prices which, for significant periods of the year, were at unpredictably low levels. The UK's GDP fell about 10% during 2020.

Our margins held up well in the first half of the year - particularly during the erosion of prices - and then flourished as the second half developed. The overall annual gross margin was by far the best yet achieved.

In summary the company increased its volumes, its profits and Customer base in what was the most unforgiving of years. It is still well placed to continue with its ambitious growth plans and the above has given a good springboard coming into the next financial year with regards to the Company's sales plans and geographic footprint.

Principal risks and uncertainties

Our business is generally linked with the overall economic situation of the countries, their trade relations as well as the development on the international commodity and feedstock markets. Accordingly opportunities and risks are considered to be balanced in further business operations.

The management of the operational risks of CHEMIEURO Group is decentralised, while overall corporate risks in financing and companies evaluation are centrally controlled. Imports in foreign currencies are mostly handled via the holding company hedging foreign currency risks. Insurable risks are transferred to insurances in accordance with risk management established and once economically advisable.

Risks on trade account receivables are mainly covered by credit insurance.

Currently there are no risks observed which may endanger the continuity of the company, partly nor entirely.

Financial key performance indicators

The key financial highlights are as follows:

	2020	2019
Turnover:	14,367,933	16,090,108
Ordinary activities result:	462,242	335,205

CHANNELPLAST (UK) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

This report was approved by the board on 26-Mar-2021

and signed on its behalf.

Nicholas Howell

.....
N. J. B. Howell
Director

CHANNELPLAST (UK) 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Principal activity

The principal activity of the company is to provide distribution of chemical polymers across Europe.

Results and dividends

The profit for the year, after taxation, amounted to £134,233 (2019 -£191,951).

Directors

The directors who served during the year were:

N. J. B. Howell
J. B. Ruiz-Tapiador

Disclosure of information to auditors

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

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

Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 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.

CHANNELPLAST (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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

Nicholas Howell

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N. J. B. Howell
Director

Date: 26-Mar-2021

CHANNELPLAST (UK) LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHANNELPLAST (UK) LIMITED

Opinion

We have audited the financial statements of Channelplast (UK) Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 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 Auditors' 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.

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 Auditors' 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.

CHANNELPLAST (UK) LIMITED

MENZIES
BRIGHTER THINKING

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHANNELPLAST (UK) LIMITED (CONTINUED)

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

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

CHANNELPLAST (UK) LIMITED

MENZIES
BRIGHTER THINKING

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHANNELPLAST (UK) LIMITED (CONTINUED)

Auditors' 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 Auditors' 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:

- The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including:

- The Companies Act 2006;
- Financial Reporting Standard 102;
- UK employment legislation
- UK health and safety legislation; and
- General Data Protection Regulations

We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

- We understood how the the Company is complying with those legal and regulatory frameworks by, making inquiries to management, those responsible for legal and compliance procedures. We corroborated our inquiries through our review of relevant documentation.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognize non-compliance with laws and regulations. The assessment did not identify any issues in this area.
- We assessed the susceptibility of the Company financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - Challenging assumptions and judgments made by management in its significant accounting estimates; and
 - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.
- As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:
 - The application of inappropriate judgements or estimation to manipulate the Company's financial position;
 - Posting of unusual journals and complex transactions
 - The use of management override of controls to manipulate results, or to cause the Company to enter into transactions not in its best interests.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

CHANNELPLAST (UK) LIMITED

MENZIES
BRIGHTER THINKING

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHANNELPLAST (UK) LIMITED (CONTINUED)

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>.

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 Auditors' 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.

Andrew Hookway

Andrew Hookway FCA (Senior statutory auditor)

for and on behalf of
Menzies LLP

Chartered Accountants
Statutory Auditor

Ashcombe House
5 The Crescent
Leatherhead
Surrey
KT22 8DY
Date: 26-Mar-2021

CHANNELPLAST (UK) LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover	3	14,367,933	16,090,108
Cost of sales		(13,338,630)	(15,297,033)
Gross profit		1,029,303	793,075
Administrative expenses		(783,903)	(821,313)
Other operating income		10,000	257,113
Operating profit	4	255,400	228,875
Interest receivable and similar income		177	-
Interest payable and expenses		(84,323)	-
Profit before tax		171,254	228,875
Tax on profit	9	(37,021)	(36,924)
Profit after tax		134,233	191,951
Retained earnings at the beginning of the year		234,716	42,765
		234,716	42,765
Profit for the year		134,233	191,951
Dividends declared and paid		(225,000)	-
Retained earnings at the end of the year		143,949	234,716
The notes on pages 14 to 24 form part of these financial statements.			

CHANNELPLAST (UK) LIMITED

REGISTERED NUMBER:08420899

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	10	18,587	25,073
		<u>18,587</u>	<u>25,073</u>
Current assets			
Stocks	11	1,896,548	1,632,435
Debtors: amounts falling due within one year	12	3,418,198	3,658,371
Cash at bank and in hand		440,707	124,692
		<u>5,755,453</u>	<u>5,415,498</u>
Creditors: amounts falling due within one year	13	(5,426,492)	(5,005,855)
Net current assets		<u>328,961</u>	<u>409,643</u>
Total assets less current liabilities		<u>347,548</u>	<u>434,716</u>
Provisions for liabilities			
Deferred tax	14	(3,599)	-
		<u>(3,599)</u>	<u>-</u>
Net assets		<u><u>343,949</u></u>	<u><u>434,716</u></u>
Capital and reserves			
Called up share capital	15	200,000	200,000
Profit and loss account	16	143,949	234,716
		<u><u>343,949</u></u>	<u><u>434,716</u></u>

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

Nicholas Howell

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N. J. B. Howell
Director

26-Mar-2021

The notes on pages 14 to 24 form part of these financial statements.

CHANNELPLAST (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	200,000	234,716	434,716
Comprehensive income for the year			
Profit for the year	-	134,233	134,233
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	134,233	134,233
Dividends: Equity capital	-	(225,000)	(225,000)
Total transactions with owners	-	(225,000)	(225,000)
At 31 December 2020	200,000	143,949	343,949

The notes on pages 14 to 24 form part of these financial statements.

CHANNELPLAST (UK) LIMITED

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

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2019	200,000	42,765	242,765
Comprehensive income for the year			
Profit for the year	-	191,951	191,951
Other comprehensive income for the year			
	-	-	-
Total comprehensive income for the year	-	191,951	191,951
Total transactions with owners	-	-	-
At 31 December 2019	200,000	234,716	434,716

The notes on pages 14 to 24 form part of these financial statements.

CHANNELPLAST (UK) LIMITED

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	124,692	316,015	440,707
Bank overdrafts	185,181	(185,181)	-
Debt due within 1 year	(2,326,158)	2,276,068	(50,090)
	<u>(2,016,285)</u>	<u>2,406,902</u>	<u>390,617</u>

The notes on pages 14 to 24 form part of these financial statements.

CHANNELPLAST (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

The Company is a private company limited by shares and incorporated in England and Wales. The address of the registered office is given in the company information page of these financial statements.

The company's principal place of business is Suite C, Castle House, Park Road, Banstead, Surrey, SM7 3BT.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

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 Section 1A of 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 judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- The requirements of Section 7 Statement of Cash Flows

This information is included in the consolidated financial statements of Chemieuro SL as at 31 December 2020 and these financial statements may be obtained from Registro Mercantil de Zaragoza, Spain.

2.3 Going concern

The company has traded profitably throughout the pandemic and has managed its cashflows without the need to utilise the various Government support that has been made available to businesses. The company also has the support of fellow group companies, therefore the directors have a reasonable expectation that the company has adequate resources to enable it to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Coronavirus pandemic is creating significant uncertainty globally and the company is not immune to this. The directors are working to ensure the safety of the employees and maintaining the continuity of operations as far as they are able, whilst adhering to government advice. Whilst the pandemic will have a financial impact on the Company, at this stage, it is not possible to reliably forecast what this may be. However, the directors have taken all relevant measures to ensure the Company is able to safeguard cash flow, jobs, customers and suppliers to put them in the best possible position to be able to pick up on opportunities as they arise once business starts to return to normal. Given the uncertainties that exist, this may cast doubt on the Company's ability to continue as a going concern, however, the directors believe that the actions they have taken should enable it to continue in operational existence for the foreseeable future.

CHANNELPLAST (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

2.5 Revenue

Revenue from the sale of Polymers 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.

2.6 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.

2.7 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.

CHANNELPLAST (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.8 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 Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.9 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 reporting date in the countries where the Company operates and generates income.

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

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

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

2.10 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.

CHANNELPLAST (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Office equipment	-	33%	Straight line over 3 years
Computer equipment	-	33%	Straight line over 3 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 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 reporting 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.

2.12 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 Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.13 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

CHANNELPLAST (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.14 Dividends

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

2.15 Key estimates and judgements

When preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgements are inherent in the formation of estimates, together with past experience and expectation of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Due to the simplicity of the Company's activities, the Directors consider there to be no critical judgements, estimates and assumptions used in the preparation of these financial statements.

3. Turnover

All turnover arose within the United Kingdom.

	2020 £	2019 £
United Kingdom	14,367,933	16,090,108
	<u>14,367,933</u>	<u>16,090,108</u>

4. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	7,802	557
Exchange differences	164,081	(2,010)
Other operating lease rentals	11,538	13,234
Fees payable to the Company's auditors for the audit of the Company's financial statements	4,800	4,415
	<u>184,221</u>	<u>16,296</u>

CHANNELPLAST (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

5. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>4,800</u>	<u>4,415</u>
Fees payable to the Company's auditor and its associates in respect of:		
Audit-related assurance services	4,800	4,415
Taxation compliance services	<u>725</u>	<u>500</u>
	<u>5,525</u>	<u>4,915</u>

6. Employees

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

	2020 £	2019 £
Wages and salaries	213,369	229,662
Social security costs	30,365	22,220
Cost of defined contribution scheme	<u>12,788</u>	<u>13,892</u>
	<u>256,522</u>	<u>265,774</u>

The average monthly number of employees, including directors, during the year was 4 (2019 -6).

7. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	93,667	72,000
Company contributions to defined contribution pension schemes	<u>4,875</u>	<u>4,875</u>
	<u>98,542</u>	<u>76,875</u>

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

CHANNELPLAST (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

8. Interest payable and similar expenses

	2020 £	2019 £
Loans from group undertakings	84,323	-
	<u>84,323</u>	<u>-</u>

9. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	33,422	36,924
	<u>33,422</u>	<u>36,924</u>
Deferred tax		
Origin and reversal of timing differences	3,599	-
Total deferred tax	<u>3,599</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>37,021</u>	<u>36,924</u>

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	<u>171,254</u>	<u>228,875</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	32,538	43,486
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	10
Capital allowances for year in excess of depreciation	884	(4,641)
Changes in provisions leading to an increase (decrease) in the tax charge	-	(1,931)
Effect of change in tax rates on deferred tax	3,599	-
Total tax charge for the year	<u>37,021</u>	<u>36,924</u>

CHANNELPLAST (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

9. Taxation (continued)

Factors that may affect future tax charges

Post year end an increase to the rate of corporation tax from 19% to 25% was announced with effect from 1 April 2023.

10. Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2020	1,257	25,622	26,879
Additions	1,316	-	1,316
At 31 December 2020	2,573	25,622	28,195
Depreciation			
At 1 January 2020	729	1,077	1,806
Charge for the year on owned assets	301	7,501	7,802
At 31 December 2020	1,030	8,578	9,608
Net book value			
At 31 December 2020	1,543	17,044	18,587
At 31 December 2019	528	24,545	25,073

11. Stocks

	2020 £	2019 £
Raw materials and consumables	1,896,548	1,632,435
	<u>1,896,548</u>	<u>1,632,435</u>

CHANNELPLAST (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

12. Debtors: Amounts falling due within one year

	2020 £	2019 £
Trade debtors	3,305,287	3,247,482
Amounts owed by associated undertakings	-	257,113
Other debtors	2,049	10,074
Prepayments and accrued income	110,862	143,702
	<u>3,418,198</u>	<u>3,658,371</u>

13. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans	50,090	2,326,158
Trade creditors	1,258,749	630,229
Amounts owed to group undertakings	3,209,286	1,751,401
Corporation tax	14,784	15,707
Other taxation and social security	694,548	238,338
Other creditors	3,302	-
Accruals and deferred income	195,733	44,022
	<u>5,426,492</u>	<u>5,005,855</u>

Included within creditors is an amount of £50,090 (£1,702,229) which is secured by a Debenture and a fixed and floating charge over the assets of the Company, both current and future.

CHANNELPLAST (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

14. Deferred taxation

	2020 £
Charged to profit or loss	(3,599)
At end of year	(3,599)

The deferred taxation balance is made up as follows:

	2020 £	2019 £
Fixed asset timing differences	(3,532)	-
Short term timing differences	(67)	-
	(3,599)	-

CHANNELPLAST (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

15. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
200,000 (2019 -200,000) Ordinary shares shares of £1.00 each	<u>200,000</u>	<u>200,000</u>

16. Reserves

Profit and loss account

The reserve records retained earnings and accumulated losses.

17. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	18,236	11,801
Later than 1 year and not later than 5 years	22,559	19,344
	<u>40,795</u>	<u>31,145</u>

18. Related party transactions

In accordance with the exemptions by Financial Reporting Standard 102, transactions with the Group Companies have not been disclosed in these financial statements.

During the year the company acquired purchases, at market value, in the sum of £743,458 (2019: £116,821) from the Fournier Plastic Group SL companies. This group is owned 50% by Chemieuro SL

19. Parent undertaking

The company's immediate parent undertaking is Chemieuro SL, Juan Pablo II, No. 35, Planta 10a, Torre Aragonia , 50009, Zaragoza, Spain, a registered company in Spain.

20. Ultimate controlling party

The directors are of the opinion that there is no one controlling party.