

Company Registration No. 10201981

LONDON TOPCO LIMITED

Report and Financial Statements

31 December 2021

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LONDON TOPCO LIMITED

REPORT AND FINANCIAL STATEMENTS

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LONDON TOPCO LIMITED

STRATEGIC REPORT

The Directors present the Company's Strategic Report for the year ended 31 December 2021.

Business review and principal activities

The income statement for the year is set out on page 7. The principal activity of the Company is that of a holding company and this is expected to continue going forward. On 10 February 2021, the company was acquired by Polypipe Limited, a member of the Genuit Group, and as part of this transaction redeemed the loan notes issued by the Company through the utilisation of funding from other group companies. As a result of the repayment of the loan notes the interest payable charge within the income statement has decreased significantly in the current year compared to the prior period and is expected to reduce significantly for all future periods.

The financial position at 31 December 2021 is set out on page 8.

Section 172 statement

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole. Engagement with our shareholders and wider stakeholder groups plays a vital role across the Genuit Group and its subsidiaries, including at Board level. One of the primary areas of focus for the Board at any time is the impact its decisions or actions may have on key stakeholder groups represented within the Board's duty under Section 172 of the Companies Act 2006. Further details of the Group's engagement with key stakeholders can be found in the consolidated financial statements of Genuit Group plc.

The following stakeholder groups according to Section 172(1) Companies Act 2006 were identified as relevant for the Company:

Shareholders

Our shareholders are our owners and thus have a significant interest in the Company's operations to ensure their investment is safeguarded and continues to produce sustainable long-term growth.

Our shareholders engage with the Board and Directors on a regular basis. The Directors of Genuit Group plc are also represented on our Board. The parent companies require our Directors to safeguard their investment and return dividend payments when appropriate.

Principal risks and uncertainties

The main risks faced by the Company are as follows:

Liquidity risk – The risk that the Company will not be able to meet its financial obligations as they fall due.

COVID-19 and Macroeconomic uncertainty - The Directors continue to closely monitor the impact of the pandemic and wider macroeconomic uncertainty on the Company and have concluded that there is no impact on the recoverability of assets, including those from due from other Group companies, recognised on the balance sheet, or the Company's ability to continue as a going concern.

Approved by the Board and signed on its behalf by:



E G Versluys
Secretary
21 December 2022

LONDON TOPCO LIMITED

DIRECTORS' REPORT

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

During the year the Company transitioned from Financial Reporting Standard 102 "The Financial Standard applicable in the UK and Republic of Ireland" (FRS 102) to Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101) and has taken the disclosure exemptions allowed under this standard. The parent company, Polypipe Limited, was notified of and did not object to the use of the IFRS disclosure exemptions. Details of the recognition or measurement differences arising on the adoption of FRS 101 are included in Note 18 to these financial statements.

Directors

The Directors who held office during the year and up to the date of signing the financial statements, with all exceptions noted, were as follows:

D Brown	(resigned 10 February 2021)
L Carlin	(resigned 10 February 2021)
D S Cooper	(resigned 10 February 2021)
J Vaughan	(resigned 10 February 2021)
H C Isherwood	(resigned 10 February 2021)
P A James	(appointed 10 February 2021)
J R Parkinson	(resigned 21 February 2021)
M K Payne	(appointed 10 February 2021, resigned 28 February 2022)
A L Pendleton	(resigned 10 February 2021)
C J Thomas	(resigned 10 February 2021)
N Watson-Ganivet	(resigned 10 February 2021)
J M Vorih	(appointed 28 February 2022)
M Webber	(resigned 10 February 2021)

None of the Directors who held office at the end of the financial year had any disclosable interest in the shares of the Company.

Stakeholder engagement statement

The Company is a holding company and therefore does not have any customer or supplier stakeholders. The main stakeholder is the parent company, Polypipe Limited.

The Directors of the Company are also Directors of Polypipe Limited and the ultimate parent company, Genuit Group plc, and therefore have a regard for the Genuit Group as a whole.

Employee engagement statement

The Company has no employees. All administrative duties are performed by employees of fellow subsidiary undertakings.

Proposed dividend

The Directors do not recommend the payment of a dividend (2020: £nil).

Future developments and outlook

The principal activity of the Company is that of a holding company. No change in the Company's strategy is anticipated in the foreseeable future.

Going concern

The Company has no external debt, but the Company is party to the Group's Revolving Credit Facility which is available until at least August 2026. As the Company is reliant on financial support of the Group, the Directors have obtained a letter of support from the ultimate parent company, Genuit Group plc, stating that it is their intention to provide financial support for the period of 12 months from the approval of the financial statements.

The Directors have concluded on the adequacy of the Company's financial resources, through a review of the Group's ability and intention to support the Company. The Directors have reviewed the Group's budget and medium-term financial plan, including cash flow forecasts, and scenario analysis including reverse stress testing of the Group's liquidity and covenant compliance forecasts. The Group has modelled a range of scenarios, with the base forecast being one in which, over the going concern assessment period ending 31 December 2023, sales volumes grow in line with or moderately above external construction industry forecasts.

In addition, the Directors have considered several downside scenarios, including adjustments to the base forecast, a period of significantly lower like-for-like sales, profitability and cash flows. Consistent with the Group's Principal Risks and Uncertainties these downside scenarios included, but were not limited to, loss of production, loss of a major customer, product failure, recession, increases in interest rates and increases in raw material prices. Downside scenarios also included a combination of these risks, and reverse stress testing. The Directors have considered the impact of climate-related matters on the going concern assessment and it is not expected to have a significant impact on the Company's going concern.

At 31 December 2021, the Group had available £102.0m of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. These borrowing facilities, which were originally due to expire in November 2023, have been renewed subsequent to the year end on 10 August 2022. The renewal includes an increase in the RCF facility of £50.0m available until at least August 2026, subject to covenant headroom, and a seven-year private placement loan note of £25.0m repayable in August 2029. The Directors are satisfied that the Group has sufficient liquidity and covenant headroom to withstand reasonable variances to the base forecast, as well as the downside scenarios. In addition, the Directors have noted the range of possible additional liquidity options available to the Group, should they be required.

As a result, the Directors have satisfied themselves that the Group has adequate financial resources to continue to support the Company in operational existence for a period of at least the next 12 months from the approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

LONDON TOPCO LIMITED

DIRECTORS' REPORT (continued)

Disclosure of information to the auditors

Each of the Directors has confirmed that as at the date of this report:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all reasonable steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



E G Versluys
Secretary
21 December 2022

LONDON TOPCO LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, including a Section 172 statement, and Directors' Report and the financial statements in accordance with applicable UK law and regulations.

UK company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law).

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 those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements in UK GAAP FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and Directors' Report, that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON TOPCO LIMITED

Opinion

We have audited the financial statements of London Topco Limited for the year ended 31 December 2021 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 18, 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2021 and of its loss for year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included understanding the forecast future cashflows, the impact of downside scenarios on the Company's ability to continue as a going concern and the consistency of management's forecast growth rate with external industry forecasts.

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 the period to 31 December 2023.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON TOPCO LIMITED (continued)

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

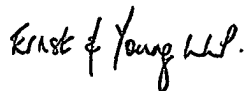
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 101 "Reduced Disclosure Framework" and Companies Act 2006).
- We understood how the Company is complying with those frameworks by making enquiries of management and those responsible for compliance and legal matters. We corroborated our enquiries through our review of Board minutes and consideration of the results of our audit procedures performed across the Company, including audit procedures in respect of the compliance of these financial statements with the disclosure requirements of FRS 101 and the Companies Act 2006.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur in relation to financial reporting and the effectiveness of the Company's controls and procedures in respect of fraud prevention.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved assessing the appropriateness of account estimates and judgements made by management, reviewing any manual journals which have a higher susceptibility to management override of controls, assessing the compliance of the financial statements with the required reporting frameworks, and assessing the Company's compliance with the applicable laws and regulations.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Christabel Cowling (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor Leeds, UK

21 December 2022

LONDON TOPCO LIMITED

INCOME STATEMENT

For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Administration expenses		(87)	(10)
Loss on ordinary activities before interest and taxation	5, 7	(87)	(10)
Interest payable and similar charges	8	(2,659)	(4,955)
Loss on ordinary activities before taxation		(2,746)	(4,965)
Tax on loss on ordinary activities	9	-	-
Loss for the year	15	(2,746)	(4,834)

All results are derived from continuing operations.

There was no other comprehensive income or expense in the periods presented, therefore no statement of comprehensive income has been prepared. Total comprehensive income is equal to the loss for the year in the periods presented.

LONDON TOPCO LIMITED

BALANCE SHEET At 31 December 2021

	Notes	31 December 2021 £'000	31 December 2020 £'000
Fixed assets			
Investments	10	-	-
Total non-current assets		-	-
Current assets			
Trade and other receivables	11	55,606	55,809
Creditors: amounts falling due within one year	12	(79,540)	(10,465)
Net current (liabilities) / assets		(23,934)	45,344
Total assets less current liabilities		(23,934)	45,344
Creditors: amounts falling due after one year	13	-	(66,532)
Net liabilities		(23,934)	(21,188)
Capital and reserves			
Equity share capital	14	9	9
Share premium account	15	313	313
Retained earnings - deficit	15	(24,256)	(21,510)
Total equity - deficit		(23,934)	(21,188)

These financial statements were approved for issue by the Board of Directors and signed on its behalf by:



P A James
Director
21 December 2022

Company Registration No. 10201981

The accompanying Notes are an integral part of these financial statements.

LONDON TOPCO LIMITED

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2021

	Equity share capital	Share premium account	Retained earnings - deficit	Total equity - deficit
	£'000	£'000	£'000	£'000
At 1 January 2020	9	313	(16,676)	(16,354)
Loss for the year	-	-	(4,834)	(4,834)
Total comprehensive expense for the year	-	-	(4,834)	(4,834)
At 31 December 2020	9	313	(21,510)	(21,188)
Loss for the year	-	-	(2,746)	(2,746)
Total comprehensive expense for the year	-	-	(2,746)	(2,746)
At 31 December 2021	9	313	(24,256)	(23,934)

LONDON TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2021

1. Authorisation of financial statements

The financial statements of London Topco Limited for the year ended 31 December 2021 were authorised for issue by the Board of Directors on 21 December 2022 and the balance sheet was signed on the Board's behalf by P A James.

London Topco Limited is a private company limited by shares incorporated and domiciled in England and Wales. The Registered Office of the Company is Unit 2 St Modwen Park, Haresfield, Stonehouse, GL10 3EZ.

2. Accounting policies

The basis of preparation and accounting policies used in preparing the Company's financial statements for the year ended 31 December 2021 are set out below. These accounting policies have been consistently applied in all material respects to all the periods presented.

2.1 Basis of preparation and statement of compliance with FRS 101

The Company has transitioned to FRS 101 from FRS 102 for all periods presented. These are the first financial statements of the Company prepared in accordance with FRS 101. The Company has notified its shareholders in writing about the use of the disclosure exemptions used by the Company in these financial statements and they do not object to this.

The financial statements of London Topco Limited have been prepared in accordance with FRS 101, and in accordance with applicable accounting standards. The financial statements are prepared under the historical cost convention.

The financial statements are prepared in Pounds Sterling and are rounded to thousands (£'000) unless otherwise indicated.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2021.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1, and paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Error; and
- the requirements of IFRS 15 Revenue from Contracts with Customers, including paragraphs 110, 113(a), 114-115, 118, 119(a)-(c), 120-127, and 129.

The Company has taken advantage of Section 400 of the Companies Act 2006 and not prepared group financial statements as the Company is a wholly owned subsidiary of Polypipe Limited, which is ultimately owned by Genuit Group plc. These financial statements present information about the Company as an individual undertaking and not about its group. The results of Polypipe Limited are included in the consolidated financial statements of Genuit Group plc. Copies of their financial statements can be obtained from the Registrar of Companies, Companies House, 3 Crown Way, Cardiff, CF14 3UZ.

LONDON TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

2. Accounting policies (continued)

2.2 Going concern

The Company has no external debt, but the Company is party to the Group's Revolving Credit Facility which is available until at least August 2026. As the Company is reliant on financial support of the Group, the Directors have obtained a letter of support from the ultimate parent company, Genuit Group plc, stating that it is their intention to provide financial support for the period of 12 months from the approval of the financial statements.

The Directors have concluded on the adequacy of the Company's financial resources, through a review of the Group's ability and intention to support the Company. The Directors have reviewed the Group's budget and medium-term financial plan, including cash flow forecasts, and scenario analysis including reverse stress testing of the Group's liquidity and covenant compliance forecasts. The Group has modelled a range of scenarios, with the base forecast being one in which, over the going concern assessment period ending 31 December 2023, sales volumes grow in line with or moderately above external construction industry forecasts.

In addition, the Directors have considered several downside scenarios, including adjustments to the base forecast, a period of significantly lower like-for-like sales, profitability and cash flows. Consistent with the Group's Principal Risks and Uncertainties these downside scenarios included, but were not limited to, loss of production, loss of a major customer, product failure, recession, increases in interest rates and increases in raw material prices. Downside scenarios also included a combination of these risks, and reverse stress testing. The Directors have considered the impact of climate-related matters on the going concern assessment and it is not expected to have a significant impact on the Company's going concern.

At 31 December 2021, the Group had available £102.0m of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. These borrowing facilities, which were originally due to expire in November 2023, have been renewed subsequent to the year end on 10 August 2022. The renewal includes an increase in the RCF facility of £50.0m available until at least August 2026, subject to covenant headroom, and a seven-year private placement loan note of £25.0m repayable in August 2029. The Directors are satisfied that the Group has sufficient liquidity and covenant headroom to withstand reasonable variances to the base forecast, as well as the downside scenarios. In addition, the Directors have noted the range of possible additional liquidity options available to the Group, should they be required.

As a result, the Directors have satisfied themselves that the Group has adequate financial resources to continue to support the Company in operational existence for a period of at least the next 12 months from the approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.3 Income taxes

Current income tax

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the tax authorities, based on income tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred income tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

For deductible temporary differences associated with investments in subsidiaries it must additionally be probable that the temporary differences will reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same tax authority and that authority permits the Company to make a single net payment.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the income tax rates that are expected to apply when the asset is realised or the liability is settled, based on income tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are charged or credited directly to equity. Otherwise, income tax is recognised in the income statement.

2.4 Investments

Fixed asset investments are held at historical cost less any applicable provision for impairment.

LONDON TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

2. Accounting policies (continued)

2.5 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not

i) Financial assets

recognised at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Company's financial assets include amounts owed by group undertakings.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification. The Company does not currently hold any fair value through other comprehensive income financial assets.

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include amounts owed by group undertakings.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

The Company recognises an allowance for expected credit losses (ECLs) for all financial assets not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each balance sheet date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment.

LONDON TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

2. Accounting policies (continued)

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade payables and amounts owed to group undertakings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as held for trading unless they are designated as effective hedging instruments. Profits or losses on liabilities held for trading are recognised in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts, together with any costs or fees incurred, is recognised in the income statement.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3. Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, management have not made any significant judgements or estimates.

4. New and amended accounting standards and interpretations

Accounting standards or interpretations which have been adopted in the year

There were no accounting standards or interpretations that have become effective in the year which had an impact on disclosures, financial position or performance.

Accounting standards or interpretations issued but not yet effective

There were no accounting standards or interpretations issued which have an effective date after the date of these financial statements that the Company reasonably expects to have an impact on disclosures, financial position or performance.

5. Loss on ordinary activities before interest and taxation

This is stated after charging:

	2021 £'000	2020 £'000
Termination costs of the Employee Benefit Trust	84	-

LONDON TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

6. Auditor's remuneration

The Company paid the following amounts to the Company's auditor in respect of the audit of the financial statements:

	2021 £	2020 £
Audit of the Company's annual financial statements	-	5

The auditor's remuneration of £3,000 for the year ended 31 December 2021 was borne by Polypipe Limited.

7. Staff costs and Directors' remuneration

The Company has no employees.

The remuneration of the Directors is paid by the ultimate parent, Genuit Group plc. The Directors of the Company are also Directors of Genuit Group plc and a number of fellow subsidiaries, and it is not possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries. Accordingly, their total remuneration is included in the aggregate of Directors' remuneration disclosed in the financial statements of Genuit Group plc.

8. Interest payable and similar charges

	2021 £'000	2020 £'000
Interest receivable	(1)	-
Bank interest payable	2,659	4,955

The bank interest charge recognised in the income statement primarily relates to the loan notes that were redeemed during the year following the acquisition of the Company by Polypipe Limited on 10 February 2021.

9. Income tax

(a) Tax expense reported in the income statement

	2021 £'000	2020 £'000
<i>Current income tax:</i>		
UK income tax	-	-
Adjustment in respect of prior years	-	-
Total current income tax	-	-

(b) Reconciliation of the total tax expense

A reconciliation between the tax expense and the product of accounting loss multiplied by the UK standard rate of income tax for the years ended 31 December 2021 and 2020 is as follows:

	2021 £'000	2020 £'000
Accounting loss before tax	(2,746)	(4,834)
Accounting loss multiplied by the UK standard rate of income tax of 19.0% (2020: 19.0%)	(522)	(918)
Expenses not deductible for income tax	522	918
Total tax expense reported in the income statement	-	-

(c) Deferred income tax

The Company offsets tax assets and liabilities if, and only if, it has a legally enforceable right to offset current income tax assets and current income tax liabilities and the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same tax authority.

A deferred income tax asset of £1,352k (2020: £1,670k) has not been recognised at 31 December 2021 as its recovery is considered to be uncertain. The deferred income tax asset at 31 December 2021 relates to income tax losses (£14k) and loan relationships (£1,338k).

LONDON TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

9. Income tax (continued)

d) Change in corporation tax rate

The Finance (No.2) Act 2015 reduced the main UK corporation tax rate to 19%, effective from 1 April 2017. A further reduction in the main UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by the Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the rate, thereby maintaining the current rate of 19%. Any deferred income tax on the balance sheet at 31 December 2020 was therefore measured at 19%.

The Finance Act 2021 (enacted on 10 June 2021) included an increase to the main UK corporation tax rate to 25%, effective from 1 April 2023.

10. Investments

Shares in
group
undertakings
£'000

Cost and net book value

At 31 December 2021 and 2020

-

The companies in which the Company had an interest at 31 December 2021 are shown below:

Name of company	Country of incorporation	Principal activity	Class and proportion of voting rights and shares held
Adey Commercial Limited ¹	England & Wales	Plumbing and heating supplies	Ordinary 100%*
Adey Holdings (2008) Limited ¹	England & Wales	Plumbing and heating supplies	Ordinary 100%*
Adey Innovation LLC ²	United States of America	Plumbing and heating supplies	Ordinary 100%*
Adey Innovation Limited ¹	England & Wales	Plumbing and heating supplies	Ordinary 100%*
Adey Innovation SAS ³	France	Plumbing and heating supplies	Ordinary 100%*
Adey Innovation (Shanghai) Water Treatment Technology Co. Ltd ⁴	China	Plumbing and heating supplies	Ordinary 100%*
Alpha Scientific Ltd ¹	England & Wales	Plumbing and heating supplies	Ordinary 100%*
London Bidco Limited ¹	England & Wales	Management services	Ordinary 100%*
London Finco Limited ¹	England & Wales	Management services	Ordinary 100%*

Registered offices of subsidiaries:

- Unit 2 St Modwen Park, Haresfield, Stonehouse, Gloucestershire, GL10 3EZ.
- c/o CT Corporation, 1209 Orange Street, Wilmington, New Castle 19801, Delaware, United States of America.
- 119B Rue de Colombes, 92600 Asnières Sur Seine, France.
- Room 308-18, No. 998, South Shen Bin Road, Min Hang District, Shanghai, China.

* Held by subsidiary undertaking

11. Trade and other receivables

	31 December 2021 £'000	31 December 2020 £'000
Amounts owed by group undertakings	55,379	55,052
Other receivables	-	535
Corporation tax	220	220
Prepayments and accrued income	7	2
	55,606	55,809

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. No material allowance for expected credit losses is deemed necessary in respect of amounts owed by group undertakings.

LONDON TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 December 2021

12. Creditors: amounts falling due within one year

	31 December 2021 £'000	31 December 2020 £'000
Amounts owed to group undertakings	79,540	10,465

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13. Creditors: amounts falling due after one year

	31 December 2021 £'000	31 December 2020 £'000
Loan notes	-	66,532

On 10 February 2021, Polypipe Limited, a subsidiary of Genuit Group plc, purchased 100% of the share capital of the Company. On acquisition the Adey Group's bank facilities were repaid, loan notes were redeemed and replaced with intercompany finance.

14. Equity share capital

Authorised, Allotted, called up and fully paid:

	31 December 2021		31 December 2020	
	Number	£	Number	£
'A' ordinary shares of £0.01 each	200,000	2,000	200,000	2,000
'B' ordinary shares of £0.05 each	17,821	891	17,821	891
'C' ordinary shares of £1.00 each	1,100	1,100	1,100	1,100
'B1' ordinary shares of £0.05 each	32,421	1,621	32,421	1,621
'C1' ordinary shares of £1.00 each	2,524	2,524	2,524	2,524
'D1' ordinary shares of £0.05 each	601	30	601	30
'D2' ordinary shares of £1.00 each	100	100	100	100
'D3' ordinary shares of £0.05 each	2,715	136	2,715	136
'D4' ordinary shares of £1.00 each	450	450	450	450
	257,732	8,852	257,732	8,852

All classes of share rank pari passu for rights to return of capital, income and voting. The articles provide for independent dividend rights.

15. Reserves

	Share premium account £'000	Retained earnings - deficit £'000
At 1 January 2021	313	(21,510)
Loss for the year	-	(2,746)
At 31 December 2021	313	(24,256)

LONDON TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) **For the year ended 31 December 2021**

16. Contingent liabilities

On 10 February 2021, Polypipe Limited, a subsidiary of Genuit Group plc, purchased 100% of the share capital of London Topco Limited, the ultimate parent company. On acquisition the Adey Group's bank facilities were repaid and loan notes delisted, redeemed and replaced with intercompany finance.

On 10th August 2022 the Group renewed its banking facilities and entered into a Sustainability Linked Loan revolving credit facility agreement for £350.0m with a £50.0m uncommitted accordion facility expiring in August 2026 and a separate agreement for private placement loan notes of £25.0m with an uncommitted £125.0m shelf facility repayable August 2029.

Interest was payable on the bank loan at LIBOR plus an interest margin ranging from 0.90% to 2.75% which is dependent on the Group's leverage (net debt excluding lease liabilities as a multiple of pro forma EBITDA) and reduces as the Group's leverage reduces. The interest margin at 31 December 2021 was 1.40% (2020: 1.40%). With effect from 4 January 2022, LIBOR was replaced by the Standard Overnight Index Average (SONIA).

17. Parent company and ultimate parent company

The Company's immediate parent company is Polypipe Limited, a company incorporated in England and Wales. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Genuit Group plc. Copies of Genuit Group plc's consolidated financial statements can be obtained from the Registrar of Companies, Companies House, 3 Crown Way, Cardiff, CF14 3UZ.

18. Transition to FRS 101

For all periods up to and including the year ended 31 December 2020, the Company prepared its financial statements in accordance with FRS 102. These financial statements, for the year ended 31 December 2021, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for accounting periods beginning on or after 1 January 2020. The significant accounting policies meeting those requirements are described in the relevant notes. There was no impact on the financial statements from the adoption of the FRS 101 accounting policies.