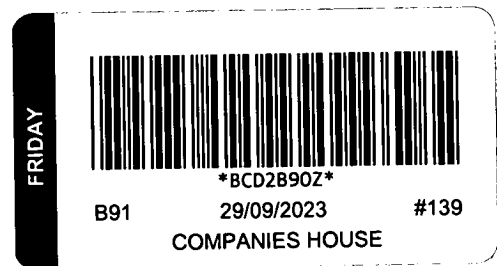


Company Registration No. 12170514 (England and Wales)

Polytech Liquid Polymers Limited

**Annual report and financial statements
for the period ended 31 December 2022**



Polytech Liquid Polymers Limited

Company information

Directors	G J De-Maine K Dranfield C Nicholls
Company number	12170514
Registered office	Nab Quarry, Long Lane Pott Shrigley Macclesfield Cheshire England SK10 5SD
Independent auditor	Saffery Champness LLP Trinity 16 John Dalton Street Manchester M2 6HY

Polytech Liquid Polymers Limited

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Polytech Liquid Polymers Limited

Strategic report

For the period ended 31 December 2022

The directors present the strategic report for the period ended 31 December 2022.

Principal activities

The principal activities of the company are the development, manufacture and sale of polyurethane systems for adhesives, coatings and sealants applications. These are mainly used for sports and playground and safety surfaces, walkways and cycle paths, resin bound driveways, for industrial applications and for flexible packaging.

Business review

The company's accounts are for the six months' period ended 31 December 2022. The reporting period has been shortened by the company to align its reporting date so that its coterminous with that of its ultimate parent company, PLIXXENT Holding GmbH.

After a strong start to the calendar year, the challenges to both the UK and global economy began to have an impact on the company's trading activities towards the latter part of the period. To counter this, the company is building sales through the PLIXXENT group companies whilst also developing the PLIXXENT portfolio in the UK.

The company considers its key performance indicators to be Turnover, Gross profit and EBITDA (being Operating Profit before deduction of interest, depreciation and amortisation and before group related charges):

	31 Dec 2022	30 Jun 2022
	£	£
Turnover	7,922,536	23,367,608
Gross profit	2,080,224	4,796,628
Gross profit margin	26.3%	20.5%
EBITDA	557,208	1,911,763
EBITDA as a % of turnover	7.0%	8.2%

Risks and uncertainties

Market risk

Whilst concerns about the health impact of the Covid-19 pandemic seem to have declined, the global dislocation of supply chains remains – now exacerbated by the war in Ukraine. The availability and pricing of raw materials, the impact of rising energy costs and inflation, and the hiking of interest rates by central banks globally continue to present challenges for the company.

The company has been working closely with its customers to meet these challenges, maintaining a competitive marketing pricing strategy. Costs are carefully controlled and working capital actively managed to ensure cash flow remains strong. Trade debtors are insured.

Polytech Liquid Polymers Limited

Strategic report (continued)

For the period ended 31 December 2022

Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company had cash resources of £2,591k at 31 December 2022 and no bank borrowing or bank loans. The company is also able to rely on the continuing support of its ultimate parent company. The directors have prepared cash forecasts and after carefully considering these are satisfied that the company has sufficient liquidity to meet its current and future liabilities and working capital needs.

Credit risk

Credit risk is the risk of financial loss to the company arising principally from non-payment of trade receivables. The company actively manages its credit control procedures, ensuring that its policies are appropriate and fit for purpose. Additionally, the company insures a large proportion of its debt.

Foreign exchange risk

A significant portion of the company's trading activities is in overseas markets, both export and import, and the company manages its exposure as far as possible by balancing its trade inflows and outflows in foreign currencies.

Research and development

The company continues to invest in research and development of its products and manufacturing processes. In doing this, the company can share, exchange and benefit from resources made available to it through PLIXXENT group.

Environmental actions

The company is committed through policies on reducing energy consumption, reprocessing of manufacturing generated scrap, waste recycling especially of packaging, etc. to minimising its impact on the environment. It is also working with suppliers and customers in finding ways to recycle waste products.

Future developments

The company is confident that its plans for growth will leave it well placed to take advantage of improving market conditions as the global economy gradually starts recovering in 2023 with inflation rates falling back from their peak.

There have been no events since the end of the financial period that materially affect the company.

On behalf of the board

C S Nicholls

C Nicholls

Director

Date: *19 April 2023*

Polytech Liquid Polymers Limited

Directors' report

For the period ended 31 December 2022

The directors present their annual report and financial statements for the period ended 31 December 2022.

Principal activities

The principal activities of the company are the manufacture and sale of polyurethane systems for adhesives, coatings and sealants applications. The major markets of the company's products are the sports and playground and safety surfaces, walkways and driveways, and flexible packaging.

Results and dividends

The results for the period are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

G J De-Maine

K Dranfield

C Nicholls

D Bell

(Resigned 31 October 2022)

Qualifying third party indemnity provisions

The company has granted an indemnity to the directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in Companies Act 2006, s.236. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

Political donations

There have been no political donations or expenditure during the period ended December 2022 (period ended June 2022: nil).

Financial instruments

The Company's main financial instruments are cash and trade receivables. The Company does not use derivative financial instruments.

Auditor

Saffery Champness LLP have expressed their willingness to continue in office.

Polytech Liquid Polymers Limited

Directors' report (continued)

For the period ended 31 December 2022

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 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.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of information on research and development, environmental actions and future developments.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

C S Nicholls

C Nicholls

Director

Date: *19 April 2023*

Polytech Liquid Polymers Limited

Independent auditor's report

To the members of Polytech Liquid Polymers Limited

Qualified opinion

We have audited the financial statements of Polytech Liquid Polymers Limited (the 'company') for the period ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including 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, except for the possible effects on the corresponding figures of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the period 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 qualified opinion

We were appointed as auditors for the period ended 30 June 2022, the predecessor auditor did not observe the counting of physical inventories as at 31 March 2021. We were unable to satisfy ourselves by alternative means concerning the inventory quantities of £3,334,342 held at 31 March 2021 by using other procedures. Consequently we were unable to determine whether there was any consequential effect on the cost of sales for the period ended 30 June 2022. Our audit opinion on the financial statements for the period ended 30 June 2022 was modified accordingly. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures. In addition, were any adjustment to the inventory balance to be required, the strategic report would also need to be amended.

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 qualified 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.

Polytech Liquid Polymers Limited

Independent auditor's report (continued)

To the members of Polytech Liquid Polymers Limited

Other information

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

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

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £3,334,342 held at 31 March 2021 and the possible effect of this matter on the comparability of the current period's figures and the corresponding figures. We have concluded that where the other information refers to the inventory balance or related balances such as cost of sales, it may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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 period 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.

Polytech Liquid Polymers Limited

Independent auditor's report (continued)

To the members of Polytech Liquid Polymers Limited

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to stock, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been maintained.

Except for the matter described in the basis for qualified opinion section of our report, 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.

Arising solely from the limitation on the scope of our work relating to inventory, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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:

- 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Polytech Liquid Polymers Limited

Independent auditor's report (continued)

To the members of Polytech Liquid Polymers Limited

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and by updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006 and UK Tax legislation.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

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

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

Polytech Liquid Polymers Limited

Independent auditor's report (continued)
To the members of Polytech Liquid Polymers Limited

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.



Diane Petit-Laurent FCA
Senior Statutory Auditor
For and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors

19 April 2023
Date:

Trinity
16 John Dalton Street
Manchester
M2 6HY

Polytech Liquid Polymers Limited

**Statement of comprehensive income
For the period ended 31 December 2022**

		Period ended 31 December Dec 2022 £	Period ended 30 June Jun 2022 £
	Notes		
Turnover	3	7,922,536	23,367,608
Cost of sales		(5,842,312)	(18,570,980)
Gross profit		2,080,224	4,796,628
Administrative expenses		(2,817,721)	(4,916,632)
Operating loss	4	(737,497)	(120,004)
Interest payable and similar expenses	7	(236,647)	(407,766)
Loss before taxation		(974,144)	(527,770)
Tax on loss	8	226,397	246,919
Loss for the financial period		(747,747)	(280,851)

The income statement has been prepared on the basis that all operations are continuing operations.

Polytech Liquid Polymers Limited

Statement of financial position
As at 31 December 2022

	Notes	£	Dec 2022 £	£	Jun 2022 £
Fixed assets					
Goodwill	10		4,762,639		5,143,639
Tangible assets	11		1,797,722		1,927,858
			<u>6,560,361</u>		<u>7,071,497</u>
Current assets					
Stocks	12	2,594,215		4,027,328	
Debtors	13	2,338,351		3,349,916	
Cash at bank and in hand		2,591,484		1,362,777	
		<u>7,524,050</u>		<u>8,740,021</u>	
Creditors: amounts falling due within one year	14	(9,634,068)		(10,460,646)	
Net current liabilities			<u>(2,110,018)</u>		<u>(1,720,625)</u>
Total assets less current liabilities			<u>4,450,343</u>		<u>5,350,872</u>
Provisions for liabilities					
Deferred tax liability	16	-		152,782	
			<u>-</u>	<u>152,782</u>	<u>(152,782)</u>
Net assets			<u>4,450,343</u>		<u>5,198,090</u>
Capital and reserves					
Called up share capital	18		5,380,145		5,380,145
Profit and loss reserves			<u>(929,802)</u>		<u>(182,055)</u>
Total equity			<u>4,450,343</u>		<u>5,198,090</u>

The financial statements were approved by the board of directors and authorised for issue on 19 April 2023 and are signed on its behalf by:

C S Nicholls

C Nicholls
Director

Company Registration No. 12170514 (England and Wales)

Polytech Liquid Polymers Limited

Statement of changes in equity

For the period ended 31 December 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2021	5,380,145	98,796	5,478,941
Period ended 30 June 2022:			
Loss and total comprehensive income for the period	-	(280,851)	(280,851)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2022	5,380,145	(182,055)	5,198,090
Period ended 31 December 2022:			
Loss and total comprehensive income for the period	-	(747,747)	(747,747)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2022	<u>5,380,145</u>	<u>(929,802)</u>	<u>4,450,343</u>

Polytech Liquid Polymers Limited

Notes to the financial statements

For the period ended 31 December 2022

1 Accounting policies

Company information

Polytech Liquid Polymers Limited is a private company limited by shares incorporated in England and Wales. The registered office is Nab Quarry, Long Lane, Pott Shrigley, Macclesfield, Cheshire, England, SK10 5SD.

1.1 Reporting period

The company has shortened its reporting period to 31 December 2022 so that its reporting date is coterminous with the reporting date of its ultimate parent company which results in the current period representing a period of six months. The prior period represented a period of fifteen months and therefore the results are not entirely comparable.

1.2 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Plixsent Holding GmbH. These consolidated financial statements are available from its registered office, Gasstrasse 18 (Haus 5), 22761, Hamburg, Germany.

1 Accounting policies (continued)

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 8 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Notes to the financial statements (continued)
For the period ended 31 December 2022

1 Accounting policies (continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	15% reducing balance
Fixtures and fittings	25% reducing balance
Computers	15% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell, which is equivalent to net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

1 Accounting policies (continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

1 Accounting policies (continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies (continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1 Accounting policies (continued)

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Valuation of goodwill

Impairment of goodwill requires management to prepare discounted cash flows which involves making significant judgements and assumptions, including sales growth rates and interest rates. The senior management team prepare detailed budgets applying full consideration of customer and product development on a detailed customer and product level line by line basis. Interest rates assumed are a reflection of the interest rates charged by Plixsent Holding UK Limited with consideration of inflation

Allowance for doubtful debts

The directors assess the doubtful debt allowance at each reporting date. Key assumptions applied are the estimated debt recovery rates and the future market conditions that could affect recovery. The carrying amount at the reporting date was £176,442 (June 2022 - £118,591).

Valuation of stock

Management perform a specific review on for stock where there is no realistic prospect of selling it. Management have written down the value of stock held in South Africa, making key assumptions with regards to the stock's useful life and selling price overseas. The carrying amount at the reporting date was £294,640 (June 2022- £528,331).

Polytech Liquid Polymers Limited

Notes to the financial statements (continued)
For the period ended 31 December 2022

3 Turnover

	Dec 2022	Jun 2022
	£	£
Turnover analysed by geographical market		
United Kingdom	5,821,121	16,071,689
Europe	881,379	3,040,965
Rest of World	1,220,036	4,254,954
	<u>7,922,536</u>	<u>23,367,608</u>

4 Operating loss

	Dec 2022	Jun 2022
	£	£
Operating loss for the period is stated after charging/(crediting):		
Exchange losses/(gains)	270,835	(122,393)
Fees payable to the company's auditor for the audit of the company's financial statements	23,500	19,500
Additional fees payable to the company's auditor for the prior period audit	10,000	4,000
Fees payable for non audit services	4,450	4,965
Depreciation of owned tangible fixed assets	217,096	586,217
Impairment of owned tangible fixed assets	-	96,232
Loss on disposal of tangible fixed assets	-	2,058
Amortisation of intangible assets	<u>381,000</u>	<u>952,500</u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

Dec 2022	Jun 2022
Number	Number
<u>32</u>	<u>33</u>

Polytech Liquid Polymers Limited

Notes to the financial statements (continued)
For the period ended 31 December 2022

5 Employees (continued)

Their aggregate remuneration comprised:

	Dec 2022	Jun 2022
	£	£
Wages and salaries	730,232	1,631,697
Social security costs	81,634	168,262
Pension costs	21,785	51,021
	<u>833,651</u>	<u>1,850,980</u>

6 Directors' remuneration

	Dec 2022	Jun 2022
	£	£
Remuneration for qualifying services	121,861	365,214
Company pension contributions to defined contribution schemes	3,650	9,375
	<u>125,511</u>	<u>374,589</u>

7 Interest payable and similar expenses

	Dec 2022	Jun 2022
	£	£
Interest on bank overdrafts and loans	233,788	398,012
Interest on finance leases and hire purchase contracts	2,859	9,754
	<u>236,647</u>	<u>407,766</u>

Polytech Liquid Polymers Limited

Notes to the financial statements (continued)
For the period ended 31 December 2022

8 Taxation

	Dec 2022	Jun 2022
	£	£
Current tax		
UK corporation tax on profits for the current period	-	89,234
Adjustments in respect of prior periods	1,619	-
Total current tax	<u>1,619</u>	<u>89,234</u>
Deferred tax		
Origination and reversal of timing differences	(228,016)	(336,153)
Total tax credit	<u>(226,397)</u>	<u>(246,919)</u>

The actual credit for the period can be reconciled to the expected credit for the period based on the profit or loss and the standard rate of tax as follows:

	Dec 2022	Jun 2022
	£	£
Loss before taxation	<u>(974,144)</u>	<u>(527,770)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (Jun 2022: 19.00%)	(185,087)	(100,276)
Tax effect of expenses that are not deductible in determining taxable profit	16,752	3,361
Group relief	-	(30,870)
Deferred tax adjustments in respect of prior years	1,619	(136,038)
Fixed asset differences	(4,957)	(19,764)
Remeasurement of deferred tax for changes in tax rates	(54,724)	36,668
Taxation credit for the period	<u>(226,397)</u>	<u>(246,919)</u>

Polytech Liquid Polymers Limited

Notes to the financial statements (continued)
For the period ended 31 December 2022

9 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	Dec 2022 £	Jun 2022 £
In respect of:			
Property, plant and equipment	11	-	96,232
Recognised in:			
Administrative expenses		-	96,232

10 Intangible fixed assets

	Goodwill £
Cost	
At 1 July 2022 and 31 December 2022	6,096,139
Amortisation and impairment	
At 1 July 2022	952,500
Amortisation charged for the period	381,000
At 31 December 2022	1,333,500
Carrying amount	
At 31 December 2022	4,762,639
At 30 June 2022	5,143,639

Polytech Liquid Polymers Limited

Notes to the financial statements (continued)

For the period ended 31 December 2022

11 Tangible fixed assets

	Plant and equipment	Fixtures and fittings	Computers	Total
	£	£	£	£
Cost				
At 1 July 2022	2,501,109	5,568	91,410	2,598,087
Additions	86,960	-	-	86,960
Disposals	(45,900)	-	-	(45,900)
At 31 December 2022	2,542,169	5,568	91,410	2,639,147
Depreciation and impairment				
At 1 July 2022	660,491	1,740	7,998	670,229
Depreciation charged in the period	210,362	478	6,256	217,096
Eliminated in respect of disposals	(45,900)	-	-	(45,900)
At 31 December 2022	824,953	2,218	14,254	841,425
Carrying amount				
At 31 December 2022	1,717,216	3,350	77,156	1,797,722
At 30 June 2022	1,840,618	3,828	83,412	1,927,858

12 Stocks

	Dec 2022	Jun 2022
	£	£
Raw materials and consumables	1,011,227	1,559,857
Finished goods and goods for resale	1,582,988	2,467,471
	<u>2,594,215</u>	<u>4,027,328</u>

Polytech Liquid Polymers Limited

Notes to the financial statements (continued)
For the period ended 31 December 2022

13 Debtors

	Dec 2022	Jun 2022
	£	£
Amounts falling due within one year:		
Trade debtors	2,168,120	3,182,575
Corporation tax recoverable	44,147	-
Other debtors	3,933	4,383
Prepayments and accrued income	46,917	162,958
	<u>2,263,117</u>	<u>3,349,916</u>
Deferred tax asset (note 16)	75,234	-
	<u>2,338,351</u>	<u>3,349,916</u>

14 Creditors: amounts falling due within one year

	Notes	Dec 2022	Jun 2022
		£	£
Obligations under finance leases	15	13,000	52,000
Trade creditors		1,652,252	3,101,253
Amounts owed to group undertakings		7,459,639	6,648,442
Corporation tax		-	89,234
Other taxation and social security		91,110	146,280
Other creditors		118,642	140,650
Accruals and deferred income		299,425	282,787
		<u>9,634,068</u>	<u>10,460,646</u>

15 Finance lease obligations

	Dec 2022	Jun 2022
	£	£
Future minimum lease payments due under finance leases:		
Within one year	<u>13,000</u>	<u>52,000</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Polytech Liquid Polymers Limited

Notes to the financial statements (continued)
For the period ended 31 December 2022

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities Dec 2022	Liabilities Jun 2022	Assets Dec 2022	Assets Jun 2022
Balances:	£	£	£	£
Accelerated capital allowances	-	153,691	(34,087)	-
Tax losses	-	-	109,321	-
Short term timing differences	-	(909)	-	-
	<u>-</u>	<u>152,782</u>	<u>75,234</u>	<u>-</u>
Movements in the period:				Dec 2022
				£
Liability at 1 July 2022				152,782
Credit to profit or loss				(228,016)
				<u>(75,234)</u>
Asset at 31 December 2022				<u>(75,234)</u>

The deferred tax credit set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

17 Retirement benefit schemes

	Dec 2022	Jun 2022
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	<u>21,785</u>	<u>51,021</u>

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

Polytech Liquid Polymers Limited

Notes to the financial statements (continued)

For the period ended 31 December 2022

18 Share capital

	Dec 2022	Jun 2022	Dec 2022	Jun 2022
	Number	Number	£	£
Ordinary share capital Issued and fully paid of £1 each	5,380,145	5,380,145	5,380,145	5,380,145

19 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Dec 2022	Jun 2022
	£	£
Within one year	67,717	68,593
Between two and five years	55,972	89,392
	<u>123,689</u>	<u>157,985</u>

20 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Dec 2022	Jun 2022
	£	£
Acquisition of tangible fixed assets	<u>84,064</u>	<u>151,344</u>

Polytech Liquid Polymers Limited

Notes to the financial statements (continued)
For the period ended 31 December 2022

21 Related party transactions

Transactions with related parties

During the period the company entered into the following transactions with related parties:

	Dec 2022	Jun 2022
	£	£
Group management charges	394,760	394,760
Intercompany purchases	12,443	-
Interest expenses on loan by parent undertaking	231,414	387,981

Balances with related parties

	Dec 2022	Jun 2022
	£	£
Amounts owed to parent undertaking	7,459,639	6,648,442

22 Ultimate controlling party

The immediate parent is Plixsent Holding UK Limited and the ultimate controlling party is Plixsent Holding GmbH. The relationship is as a subsidiary of the Global group of Plixsent.

The smallest and largest group in which the results of the Company are consolidated is that headed by Plixsent Holding GmbH, incorporated in Germany. The consolidated financial statements of this group are available to the public and may be obtained from Gasstrasse 18 (Haus 5), 22761 Hamburg, Germany.