

# Fiberweb Geosynthetics Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020

Lambert Chapman LLP  
Chartered Accountants and Registered Statutory Auditors  
3 Warners Mill  
Silks Way  
Braintree  
Essex  
CM7 3GB

THURSDAY



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COMPANIES HOUSE

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## **Fiberweb Geosynthetics Limited**

### **Company Information**

<b>Directors</b>	A M McCarthy A Schalk
<b>Registered office</b>	Sapphire House Crown Way Rushden Northamptonshire NN10 6FB
<b>Bankers</b>	JPMorgan Chase N.A. London Branch 25 Bank Street London E14 5JP
<b>Auditors</b>	Lambert Chapman LLP Chartered Accountants and Registered Statutory Auditors 3 Warners Mill Silks Way Braintree Essex CM7 3GB

## Fiberweb Geosynthetics Limited

### Strategic Report for the Year Ended 31 December 2020

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

#### Principal activity

The principal activity of the company is the manufacture and sale of non-woven geotextiles and extruded plastic net and printed film.

#### Fair review of the business

The results for the year and financial position of the company are shown in the annexed financial statements.

Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face.

Turnover has decreased by £2,236(000) to £24,567(000) from £26,803(000) while operating profit before exceptional items increased by £709(000) to £2,300(000) from £1,591(000) due to good cost control across the business. Loss before tax was £2,061(000) (2019 loss of £1,033(000)).

The loss in the year occurred as a result of the exceptional items (see note 5 of the financial statements), which has offset the improvement in gross profit margin being 29.75% from 25.43% in 2019. Further to the improved profit margin, the business exercised good cost control, limiting the impact of inflationary pressures experienced during the year. The trading profit achieved (not including the exceptional items) in the year was due to a combination of factors affecting overall operational performance. These include start up R&D investment using new production technology methods and labour utilisation. RDEC tax credits of £389(000) (2019: £385(000)) have been claimed in the year to cover these project and investment costs.

The directors believe that the restructuring that has already taken place combined with a Berry Global Inc. supported strategy to regain market share in core product areas should continue to enhance the performance of the Company.

The key financial and other performance indicators for the year ended 31 December 2020 are summarised below:

	2020	2019	Change
	£'000	£'000	%
Turnover	24,567	26,803	-8.34%
Gross Profit	7,308	6,817	7.20%
Tonnes Sold	7,968	8,205	-2.89%

#### Future developments

The directors aim to maintain the management policies to increase market share in core and new product areas.

Continued investment in R&D to identify opportunities to develop new and existing products in niche market areas will assist in gaining market share in new lucrative markets.

Further Investment in capital expenditure to achieve management strategy on cost savings with a focus on new machinery and energy saving initiatives.

The directors are confident of growth of the company following the strong performance in the 2021 period to date and are optimistic for the company's future.

## **Fiberweb Geosynthetics Limited**

### **Strategic Report for the Year Ended 31 December 2020**

#### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Company are shown below:

- **Price risk:** The Company is exposed to commodity price risk, in relation to polymer prices in particular. The Company manages this risk by purchasing raw materials from multiple suppliers where possible in order to maximise price competition.
- **Credit risk:** The Company's principal financial assets are its bank balances and cash, and trade debtors. Provisions are made as required for any doubtful debts where there is an identified loss event which could give rise to a reduction in the recoverability of cash flows.  
The Company has no significant concentration of credit risk, with exposure spread over a number of customers.
- **Exchange rate/Interest rate risk:** A proportion of the Company's turnover is to companies in countries outside the UK and, as such, the Company is exposed to movements in exchange rates. The Company does not use foreign exchange forward contracts to hedge this but it does look at the net position of gains and losses to make a judgement as to whether the policy of not hedging remains valid.  
Interest rate risk stemming from group loans is mitigated through regular review of cash flow forecasts and through loan repayments to limit the interest payable.
- **Liquidity risk:** In order to maintain liquidity the company needs to ensure there is sufficient funds available for ongoing operations and future developments. The Company also has access to funds through its parent company which Fiberweb Geosynthetics Limited funds through shared service recharges at £408k (2019: £885k) per annum.
- **Going concern risk/ funding risk:** The majority of the capital employed by the company is funded by intercompany loans amounting to £6.1m (2019: £3.9m). These loans will only be repaid when the company has excess cash available, included within the loans due after one year is £4.3m (2019: £nil).
- **Competition Risk:** The Company is at risk from competition but manages this risk through an increasingly diverse product portfolio and commercially new solutions.
- **COVID-19:** The directors are aware of the potential impact of the COVID-19 pandemic in the next reporting period. The directors are monitoring the situation and have taken reasonable steps to mitigate the impact on the company.
- **Brexit:** The UK voted to leave the EU with effect from 1 January 2021 which could cause an increase in costs with foreign currency suppliers and potential issues with importing and exporting of goods. The directors are monitoring the foreign exchange rates and all government updates regarding importing and exporting of goods to minimise any impact.

## Fiberweb Geosynthetics Limited

### Strategic Report for the Year Ended 31 December 2020

#### Section 172(1) statement

Under Section 172 of the Companies Act 2006, there is a general duty on every director to act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole. The Directors consider that they have performed their duty in good faith to engage under section 172 of the Companies Act 2006, to promote the success of the Company for the benefit of the members as a whole, while taking into consideration, amongst other matters:

- The likely consequences of any decisions in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- Maintaining a reputation for high standards of business conduct; and
- The need to act fairly between the members of the Company

#### Employees

The company's long-term success is predicated on the commitment of our workforce to our purpose and its demonstration of our values daily. We engage with our workforce to ensure a safe and healthy work place for its employees that promotes training, development and equality.

We have invested in Health & Safety and provided appropriate training and personal protective equipment throughout the year. During the COVID-19 pandemic additional communication, guidance and training was provided to staff, particularly to those working from home. We also seek to share our vision and longer-term strategy with staff through our internal communication portal and monthly virtual business reviews.

#### Customers and suppliers

We establish good relationships with our customers and have dedicated account management for larger accounts. We strive to understand what products our customers require and how to improve our customer service. We work with our customers from the design stage and throughout the supply chain to deliver innovative, differentiated and environmentally sustainable solutions. We continue to prioritise customer service and strive for continual improvements.

Our suppliers are fundamental to the quality of our products and to ensuring that as a business we meet the high standards of conduct that we set ourselves. We have created a Supplier Code of Conduct to outline what we expect from our suppliers with respect to labour and employment rights, environmental health and safety, ethics and social responsibility, and global trade practices. Suppliers are expected to adhere to our Supplier Code of Conduct and must operate in full compliance with all applicable laws and regulations.

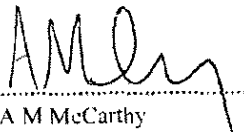
#### Our community/ the environment

As a global leader in packaging and protection solutions, Berry Global have a responsibility to play a positive role in the communities and environments in which we operate and serve.

A common value that is demonstrated at each of our facilities is the commitment of our employees to partner with their local community to create a positive impact.

We are focused on developing and providing new products designed for sustainability.

Approved by the Board on 10/12/21 and signed on its behalf by:

  
A M McCarthy  
Director

## **Fiberweb Geosynthetics Limited**

### **Directors' Report for the Year Ended 31 December 2020**

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

#### **Directors of the company**

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

A M McCarthy (appointed 8 June 2020)

A J M Van Der Steenhoven (ceased 8 June 2020)

C Ballay (ceased 15 July 2020)

A Schalk (appointed 15 July 2020)

#### **Important adjusting events after the financial period**

By verdict of the United Kingdom's High Court in March 2020 and appeal dismissal in June 2021, the Company lost a patent infringement dispute with a competitor regarding the sales of a certain product which is protected by a patent held by the competitor. In a separate but related Court procedure, the amount to be paid by the Company for the infringement of the patent will be assessed. A trial will commence in May 2022, and a Court decision is expected in the second half of 2022.

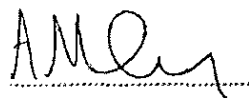
There is a range of outcomes and based on the historical data of the related product sales, the Company has assessed the potential financial risk of this Court decision and has accrued an appropriate amount in the FY 2020 Financial statements in order to cover this risk.

At the same time, the Company has reached out to its shareholder Fiberweb Holdings Limited for financial support to cover the risk. Fiberweb Holdings Limited have confirmed to fully guarantee the obligations of the Company towards its creditors for a period of 2 years from September 2021 onwards, which should adequately cover any risk arising from this matter.

#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 10/12/21..... and signed on its behalf by:



A M McCarthy  
Director

## **Fiberweb Geosynthetics Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.



## **Fiberweb Geosynthetics Limited**

### **Independent Auditor's Report to the Members of Fiberweb Geosynthetics Limited**

#### **Opinion**

We have audited the financial statements of Fiberweb Geosynthetics Limited (the 'company') for the year ended 31 December 2020, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

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

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

We have nothing to report in this regard.

## **Fiberweb Geosynthetics Limited**

### **Independent Auditor's Report to the Members of Fiberweb Geosynthetics Limited**

#### **Opinion on other matter 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 Directors' Report for the financial 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 our 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 and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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.

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. Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by;

## Fiberweb Geosynthetics Limited

### Independent Auditor's Report to the Members of Fiberweb Geosynthetics Limited

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.



Graham McNeill - FCCA (Senior Statutory Auditor)  
For and on behalf of Lambert Chapman LLP, Statutory Auditor

3 Warners Mill  
Silks Way  
Braintree  
Essex  
CM7 3GB

Date: 12/12/21

# Fiberweb Geosynthetics Limited

## Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Revenue	3	24,567	26,803
Cost of sales		<u>(17,259)</u>	<u>(19,986)</u>
Gross profit		7,308	6,817
Distribution costs		(1,308)	(1,572)
Administrative expenses		(3,568)	(4,065)
Exceptional administrative expenses	5	(4,189)	(2,413)
Other (losses) / gains		(550)	-
Other operating income	4	418	411
Interest payable and similar expenses	7	<u>(172)</u>	<u>(211)</u>
Loss before tax		<u>(2,061)</u>	<u>(1,033)</u>
Loss for the financial year		<u><u>(2,061)</u></u>	<u><u>(1,033)</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

# **Fiberweb Geosynthetics Limited**

## **Statement of Comprehensive Income for the Year Ended 31 December 2020**

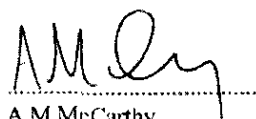
	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Loss for the year	<u>(2,061)</u>	<u>(1,033)</u>
Total comprehensive income for the year	<u><u>(2,061)</u></u>	<u><u>(1,033)</u></u>

# Fiberweb Geosynthetics Limited

(Registration number: 01589762)  
Balance Sheet as at 31 December 2020

	Note	2020 £ 000	2019 £ 000
<b>Fixed assets</b>			
Tangible assets	12	7,746	5,513
<b>Current assets</b>			
Stocks	13	2,796	3,226
Debtors	14	6,089	6,202
Cash at bank and in hand	15	3,004	1,756
		<u>11,889</u>	<u>11,184</u>
<b>Creditors: Amounts falling due within one year</b>	16	<u>(6,086)</u>	<u>(8,973)</u>
<b>Net current assets</b>		<u>5,803</u>	<u>2,211</u>
<b>Total assets less current liabilities</b>		13,549	7,724
<b>Creditors: Amounts falling due after more than one year</b>	16	(4,272)	-
<b>Provisions for liabilities</b>	17	<u>(3,727)</u>	<u>(113)</u>
<b>Net assets</b>		<u>5,550</u>	<u>7,611</u>
<b>Capital and reserves</b>			
Called up share capital	19	28	28
Share premium reserve		30	30
Capital contribution		20,000	20,000
Profit and loss account		<u>(14,508)</u>	<u>(12,447)</u>
<b>Total equity</b>		<u>5,550</u>	<u>7,611</u>

Approved and authorised by the Board on 10/12/21 and signed on its behalf by:

  
A M McCarthy  
Director

# Fiberweb Geosynthetics Limited

## Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £ 000	Share premium £ 000	Capital contribution £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2020	28	30	20,000	(12,447)	7,611
Loss for the year	-	-	-	(2,061)	(2,061)
Total comprehensive income	-	-	-	(2,061)	(2,061)
At 31 December 2020	28	30	20,000	(14,508)	5,550

	Share capital £ 000	Share premium £ 000	Capital contribution £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2019	28	30	20,000	(11,414)	8,644
Loss for the year	-	-	-	(1,033)	(1,033)
Total comprehensive income	-	-	-	(1,033)	(1,033)
At 31 December 2019	28	30	20,000	(12,447)	7,611

### Capital contribution

During the year ended 31 December 2015, a loan of £20,000(000) attributed to the parent group undertaking was formally written off. This has been shown as a capital contribution.

## **Fiberweb Geosynthetics Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **1 General information**

The company is a private company limited by share capital, incorporated in England & Wales.

The address of its registered office is: Sapphire House, Crown Way, Rushden, Northamptonshire, NN10 6FB, England.

The principal place of business is: Blackwater Trading Estate, The Causeway, Maldon, Essex, CM9 4GG.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention and presented in Sterling (£), which is the company's functional currency and rounded to the nearest £'000.

##### **Reporting period**

These financial statements present the results of the Company for the year ended 31 December 2020. The comparative period is for the year ended 31 December 2019.

##### **Going concern**

The financial statements have been prepared on a going concern basis, the validity of which depends upon future financing requirements and the availability of sufficient cash resources to meet those requirements. The Directors have a reasonable expectation that the company will have access to adequate resources to remain in existence for the foreseeable future with continued financial support from group companies.

##### **Adjusting events after the financial period**

By verdict of the United Kingdom's High Court in March 2020 and appeal dismissal in June 2021, the Company lost a patent infringement dispute with a competitor regarding the sales of a certain product which is protected by a patent held by the competitor. In a separate but related Court procedure, the amount to be paid by the Company for the infringement of the patent will be assessed. A trial will commence in May 2022, and a Court decision is expected in the second half of 2022.

There is a range of outcomes and based on the historical data of the related product sales, the Company has assessed the potential financial risk of this Court decision and has accrued an appropriate amount in the FY 2020 Financial statements in order to cover this risk.

At the same time, the Company has reached out to its shareholder Fiberweb Holdings Limited for financial support to cover the risk. Fiberweb Holdings Limited have confirmed to fully guarantee the obligations of the Company towards its creditors for a period of 2 years from September 2021 onwards, which should adequately cover any risk arising from this matter.

##### **Exemption from preparing group accounts**

The Company has taken advantage of the following disclosure exemptions under FRS 102:

- The requirements of section 7 Statement of Cash Flows and section 3 Financial statement presentation: paragraph 3.17(d)
- The requirements of Basic Financial Instruments paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c).
- Requirements of section 33 Related Party Disclosures paragraph 33.7.



## Fiberweb Geosynthetics Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

#### Key sources of estimation uncertainty

RDEC tax credit - Project costs and the associated tax credit has not been finalised, therefore, an estimate has been included within these financial statements. The carrying amount is £389(000) (2019 -£385(000)).

Stock obsolescence - A provision is made for obsolete, slow moving or defective items, being a percentage of items that have not moved over a medium term. The carrying amount is £134(000) (2019 -£183(000)).

Dilapidation cost - The provision is based on estimated costs where available over the term of the lease (the term of the lease includes the expected extension). The carrying amount is £227(000) (2019 -£113(000)).

Legal provision - A provision has been made in respect of a lost legal case involving a patent infringement, the provision reflects the loss of profit suffered by the claimant.

#### Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of non-woven geotextiles and extruded plastic net and printed film products in the ordinary course of the Company's activities. Turnover is shown net of value added tax.

The company recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity; and
- specific criteria have been met for each of the company's activities.

#### Research and development

Research expenditure is written off to the profit and loss account in the period in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the Company is expected to benefit.

#### Foreign currency transactions and balances

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date or at the agreed contractual rate. Transactions in foreign currencies are converted into sterling at the rate ruling on the date of the transaction. All differences on exchange are taken to the profit and loss account.

#### Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised on temporary material differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation.

## Fiberweb Geosynthetics Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Depreciation

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold land and buildings	Over the period of the lease
Plant and machinery	10% and 25% Straight line method

#### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand.

#### Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

#### Stocks

Stock consists of raw materials, work in progress and finished goods.

Raw materials are valued at the lower of cost less any adjustment for impairment.

Finished goods and work in progress are valued at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. A provision is made for obsolete, slow-moving or defective items where appropriate.

Cost represents the expenditure incurred in bringing each product to its present location and condition as follows:

- Non-woven geotextiles and extruded plastic net and printed film - Raw materials that has been mechanically and thermally bonded.

At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in the profit and loss account.

#### Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

#### Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

## Fiberweb Geosynthetics Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

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

Assets held under finance leases are recognised at their fair value at inception of the lease. These assets are depreciated on a straight-line basis over the useful life of the asset. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

#### Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

### 3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2020 £ 000	2019 £ 000
Sale of goods	<u>24,567</u>	<u>26,803</u>

The analysis of the company's turnover for the year by market is as follows:

	2020 £ 000	2019 £ 000
UK	15,974	16,913
Europe	7,181	6,775
Rest of world	<u>1,412</u>	<u>3,115</u>
	<u>24,567</u>	<u>26,803</u>

### 4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2020 £ 000	2019 £ 000
Scrap sales	29	26
RDEC tax credit	<u>389</u>	<u>385</u>
	<u>418</u>	<u>411</u>

## Fiberweb Geosynthetics Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 5 Exceptional administrative expenses

	2020 £ 000	2019 £ 000
Intercompany loans written off	-	1,823
Provision for legal proceedings and associated costs	4,019	590
Irrecoverable VAT	170	-
	<u>4,189</u>	<u>2,413</u>

##### Intercompany loans written off

An intercompany loan owed by Terram Geosynthetics PVT Limited (a group company) was formally written off in the prior year of £1,823(000).

##### Provision for legal proceedings and associated costs

By verdict of the United Kingdom's High Court in March 2020 and appeal dismissal in June 2021, the Company lost a patent infringement dispute with a competitor regarding the sales of a certain product which is protected by a patent held by the competitor. In a separate but related Court procedure, the amount to be paid by the Company for the infringement of the patent will be assessed. A trial will commence in May 2022, and a Court decision is expected in the second half of 2022.

There is a range of outcomes and based on the historical data of the related product sales, the Company has assessed the potential financial risk of this Court decision and has accrued a prudent amount of £4,019(000) (2019 - £590(000)) in the Financial statements in order to cover this risk and any associated costs.

At the same time, the Company has reached out to its shareholder Fiberweb Holdings Limited for financial support to cover this risk. Fiberweb Holdings Limited have confirmed to fully guarantee the obligations of the Company towards its creditors for a period of 2 years from September 2021 onwards, which should adequately cover any risk arising from this matter.

##### Irrecoverable VAT

During the year the company has written off £170(000) (2019 - £nil) in relation to VAT no longer considered to be recoverable.

#### 6 Operating loss

Arrived at after charging/(crediting)

	2020 £ 000	2019 £ 000
Depreciation expense	1,333	1,410
Loss on disposal of property, plant and equipment	<u>550</u>	<u>-</u>

#### 7 Interest payable and similar expenses

	2020 £ 000	2019 £ 000
Interest on bank overdrafts and borrowings	<u>172</u>	<u>211</u>

# Fiberweb Geosynthetics Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020	2019
	£ 000	£ 000
Wages and salaries	4,545	4,030
Social security costs	459	399
Pension costs, defined contribution scheme	73	45
Staff training	6	2
	<u>5,083</u>	<u>4,476</u>

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

	2020	2019
	No.	No.
Production	113	98
Administration and support	29	31
	<u>142</u>	<u>129</u>

### 9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020	2019
	£ 000	£ 000
Remuneration	82	-
Company pension contributions to defined contribution schemes	4	-
	<u>86</u>	<u>-</u>

### 10 Auditors' remuneration

	2020	2019
	£ 000	£ 000
Audit of the financial statements	50	24
<b>Other fees to auditors</b>		
All other non-audit services	<u>7</u>	<u>2</u>

## Fiberweb Geosynthetics Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 11 Taxation

Tax charged/(credited) in the income statement

	2020 £ 000	2019 £ 000
Tax expense/(receipt) in the income statement	<u>-</u>	<u>-</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
Loss before tax	<u>(2,061)</u>	<u>(1,033)</u>
Corporation tax at standard rate	(392)	(196)
Effect of expense not deductible in determining taxable profit (tax loss)	50	366
Deferred tax asset not recognised on taxable losses	443	40
Tax decrease from effect of capital allowances and depreciation	(101)	(190)
Losses utilised for group relief	<u>-</u>	<u>(20)</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>

#### Deferred tax

There are £14,430(000) of unused tax losses (2019 - £12,098(000)) for which no deferred tax asset is recognised in the Balance Sheet.

#### Factors that may affect future tax charges

UK Finance Bill 2021 was substantively enacted on 24 May 2021, which included the increase in main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. This will increase the company's future current tax charge accordingly. As the change was not substantively enacted at the balance sheet date the deferred tax positions as at 31 December 2020 are calculated at 19%.

On 29 September 2017, the UK Government invoked Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the European Union (the 'EU'). On 24 December 2020 the UK and the EU entered into EU-UK Comprehensive Trade Agreement having received Royal Assent. The agreement respects the autonomy of the UK and EU respectively. The treaty, beyond expressing transparency and mutual areas of co-operation was silent on UK tax laws and rates. The directors have continued to assess the impact and have not identified any significant matters affecting the financial statements.

# Fiberweb Geosynthetics Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020

### 12 Tangible assets

	Leasehold land and buildings £ 000	Plant and machinery £ 000	Total £ 000
<b>Cost or valuation</b>			
At 1 January 2020	828	14,768	15,596
Additions	-	4,116	4,116
Disposals	(182)	(1,175)	(1,357)
At 31 December 2020	646	17,709	18,355
<b>Depreciation</b>			
At 1 January 2020	240	9,843	10,083
Charge for the year	30	1,303	1,333
Eliminated on disposal	(59)	(748)	(807)
At 31 December 2020	211	10,398	10,609
<b>Carrying amount</b>			
At 31 December 2020	435	7,311	7,746
At 31 December 2019	588	4,925	5,513

### 13 Stocks

	2020 £ 000	2019 £ 000
Raw materials and consumables	977	632
Work in progress	133	48
Finished goods	1,686	2,546
	2,796	3,226

### 14 Debtors

	2020 £ 000	2019 £ 000
Trade debtors	4,836	4,762
Amounts owed by group undertakings	3	630
Other debtors	144	3
Prepayments and accrued income	1,106	807
	6,089	6,202

The amounts owed by group undertakings are not subject to interest.

Debtors include Group balances, whilst these amounts are due on demand it is unlikely they will be received in full during the coming year.

### 15 Cash and cash equivalents

	2020 £ 000	2019 £ 000
Cash at bank	3,004	1,756

## Fiberweb Geosynthetics Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 16 Creditors

	2020 £ 000	2019 £ 000
<b>Due within one year</b>		
Trade creditors	1,604	1,450
Amounts due to group undertakings	1,853	3,940
Social security and other taxes	-	304
Other payables	33	30
Accrued expenses	2,596	3,249
	<u>6,086</u>	<u>8,973</u>
<b>Due after one year</b>		
Amounts owed to group undertakings	<u>4,272</u>	<u>-</u>

The amounts owed to group undertakings incur interest at 0-5.37% (2019 - 0-5.37% per annum).

Creditors include Group balances, whilst these amounts are due on demand it is unlikely they will be repaid in full during the coming year.

#### 17 Provisions for liabilities

	Legal proceedings £ 000	Dilapidations provision £ 000	Total £ 000
At 1 January 2020	-	113	113
Additional provisions	<u>3,500</u>	<u>114</u>	<u>3,614</u>
At 31 December 2020	<u>3,500</u>	<u>227</u>	<u>3,727</u>

#### 18 Pension and other schemes

##### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £73(000) (2019 - £45(000)).

#### 19 Share capital

##### Allotted, called up and fully paid shares

	2020		2019	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>

##### Rights, preferences and restrictions

Ordinary have the following rights, preferences and restrictions:

The ordinary shares shall be non-redeemable but shall hold full rights in respect of voting, and shall entitle the holder to full participation in respect of equity and in the event of a winding up of the company. The shares may be considered by the directors when considering dividends from time to time.



## **Fiberweb Geosynthetics Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **20 Obligations under leases and hire purchase contracts**

##### **Operating leases**

The total of future minimum lease payments is as follows:

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Not later than one year	1,232	1,239
Later than one year and not later than five years	4,372	3,893
Later than five years	6,138	4,654
	<u>11,742</u>	<u>9,786</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,239(000) (2019 - £1,237(000)).

#### **21 Parent and ultimate parent undertaking**

The company's immediate parent is Fiberweb Holdings Limited, incorporated in Great Britain and registered in England and Wales.

The ultimate parent is Berry Global Group, Inc., incorporated in USA.

The parent of the largest and smallest group in which these financial statements are consolidated is Berry Global Group, Inc., incorporated in USA.

The address of Berry Global Group, Inc. is:  
101 Oakley Street, Evansville, Indiana, 47710, USA.

These group financial statements are available to the public from the Berry Global Group, Inc.