Company Registration No. 01811296 (England and Wales)

PROFINE UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

PROFINE UK LIMITED

COMPANY INFORMATION

Directors	Dr P A Mrosik Mr R C Thiroff
Company number	01811296
Registered office	Common Road Huthwaite Sutton-In-Ashfield Nottinghamshire United Kingdom NG17 6AD
Auditor	Azets Audit Services 6th Floor, Bank House 8 Cherry Street Birmingham United Kingdom B2 5AL

PROFINE UK LIMITED

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PROFINE UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Fair review of the business

The principal activity of the company continued to be that of the supply PVC-U Extruded Window and Door Systems to the fenestration Industry.

2020 has been an unprecedented year in many ways. A new wholly-owned subsidiary company, Profine UK Extrusions Limited, was incorporated which then acquired the trade and assets from the extrusions side of the business of the former Aperture Group on 5 May 2020.

The acquisition included the establishment of a manufacturing facility in the UK on a large scale site of 509,000 sq. ft. Throughout 2020 an integration plan saw the transfer of all UK specific production to the UK from Germany. This not only mitigates the risk resulting from the UK's exit from the EU but also reduces Profine's UK cost base, particularly in relation to inbound freight. In addition, Profine UK Extrusions Limited has successfully continued the business of the Aperture Group by adding substantial turnover to the Group.

This action not only secures the future trading of Profine UK but establishes a base on which the business can seek to grow its market share.

After the first lockdown the industry accelerated quickly and subsequently there has been a period of accelerated consumer demand against a backdrop of social, political, and economic uncertainties. Yet the prospects for the company moving forward look very good supported by an investment programme from the parent group underway.

The turnover for the company has increased by 6.8% this year and the company is in a good position to continue its growth in the upcoming financial year and beyond. The company's ongoing growth strategy requires it to re-invest any profits, particularly in increasing machinery and equipment, headcount, new technology, maintenance programmes and more efficient processes.

Additionally, the wider company's physical presence now within the UK enables export opportunities within Europe and in due course, further overseas.

The Board has a 5 year plan which targets year on year increased turnover and over time increased profitability. To underpin the plan, the business will take additional group funding in 2021.

We aim to present a balanced review of the performance of our business during the year and its position at the year end. Our review is consistent with the size and complex nature of our business and is written in the context of the risks and uncertainties we face.

The directors aim to maintain the current trade with increased turnover and profitability for future periods.

The directors aim to maintain the management policies to achieve growth in what is expected to be an increasingly competitive and challenging market, by introducing innovative and future-proof products as well as gaining market share through conversion of competitor business.

Principal risks and uncertainties
Due to the transfer of some key customers business from Profine UK to Group, volatile exchange rates as a result of continued uncertainty surrounding the UK's departure from the European Union and generally unfavourable market conditions, the company made a loss before tax this year.

The main financial risks arising from the Company's activities are credit risk, liquidity risk and currency risk as well as some risks specifically identified this year as documented below.

The key business risks and uncertainties affecting the Group are considered to relate to competition within the market, supplier availability and an increase in cost of raw materials, Covid effect on sales and demand, exchange rate for Euro Sterling and impact on future margins, retention of staff members and the economic environment.

All significant risks were managed by directors and senior management within the Company.

Credit risk

The Company's policy in respect of credit risk is to require credit checks on potential customers before sales are made and to have appropriate credit insurance and trading terms reflecting our customers' purchase volumes. The Company did not incur any significant bad debts in 2020 despite challenging market conditions.

Liquidity risks

The directors have prepared the financial statements on the going concern basis. The Company is reliant upon financial support from its parent company, Profine GmbH, which is in turn supported by its parent companies, HTT Troplast GmbH and HTT Holding GmbH, if required, in the form of extending credit on group loans and providing additional financial support to enable it to continue to trade and to meet its debts and liabilities as they fall due. The directors have received confirmation from a representative of both Profine GmbH and its parent companies that such support will be continued as necessary to continue to trade and meet liabilities as they fall due.

Currency risk

The company is exposed to foreign currency risk on the purchase of raw materials, principally Euros.

Supply chain risk

There have been raw material supply issues like other manufacturing markets that we have had to carefully negotiate and made easier thanks to our group buying position and planning processes. Raw material increases have increased significantly, and these have been passed on to the customer base, implemented as surcharges through several price increases over the course of the year.

Brexit risk

In addition, during the uncertain and volatile political situation, the company also incurred increased costs as a result of Brexit preparations and reduction in liquidity through stock piling. The Company will have to develop strategies for combating and/or profiting from the future terms of trade between the UK and European Union. The specific risks associated with Brexit were reviewed and the Board has out into place plans to mitigate any potential adverse impact which have been minor.

PROFINE UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Covid-19

Since the year end, the spread of Covid-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. The Company has been fortunate enough to be able to postpone some of its non-essential contracts whilst servicing others remotely.

Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions and the Company has utilised the Furlough measures introduced by the Government.

The duration and long-term impact of the Covid-19 pandemic on the economy and the company remains unclear at this time. The company has been impacted in terms of sales and demand levels, but it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

Key performance indicators

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the Company, these being turnover, gross profit, net profit before tax and net assets.

The Company's key financial and other performance indicators during the year were as follows:

Turnover: £23,287,438 (2019 - £21,799,025)

Operating Loss: £3,052,109 (2019 - loss of £2,791,046)

Net Loss Before Tax: £3,047,191 (2019 - loss of £2,789,376)

Net Liabilities: £620,884 (2019 - net assets of £2,426,307)

On behalf of the board

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Mr R C Thiroff

Director

Date: 20 - 1 - 2022

PROFINE UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

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

Principal activities
The company continues to market PVC profiles and other components for the production of windows, which are sold to third party customers.

Results and dividends
The results for the year are set out on page 7.

The company's loss after tax for the year amounted to £3,047,191 (2019 - £4,882,474). The directors recommend that no dividend be paid.

No preference dividends were paid.

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

Ms U F Kretzschmar	(Resigned 10 March 2021)
Dr P A Mrosik	
Mr R C Thiroff	
MR G E Jones	(Appointed 5 January 2021 and resigned 14 May 2021)

Events after the reporting period
The business received confirmation from the ultimate parent company, Profine GmbH, on 31 August 2021 that debts totalling £2,787,645 due from Profine UK Ltd were waived as a sign of continued financial support. This debt waiver is not considered to be an adjusting event as conditions leading to its award did not exist at the balance sheet date.

The former Managing Director Mr G Jones departed the business on 30 June 2021 and was replaced by the former Managing Director Mr R Thiroff on 1 July 2021.

Future developments
The company has embarked on designing new products to complement its existing product portfolio to enable better thermal performance for windows and doors in line with new Government guidelines along with improved thermal building regulations.

Research and development opportunities will continue to be explored along with group product management.

Product rationalisation will take place in 2021 to bring further efficiencies to the ongoing business.

The directors have also initiated sustainability and recycling programmes to enable cost reduction and efficiency improvements adding opportunities to the client base.

Going concern

The financial statements have been prepared by the Directors on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future for at least 12 months from the approval of the financial statements.

At the year end the company achieved a loss for the financial year of £3.0m (2019: £4.8m) and is in a net liability position of £0.6m (2019: net asset position of £2.4m). However, the parent company Profine GmbH, a global PVCU extrusions group have provided written confirmation that they will continue to provide financial support to Profine UK Ltd to enable them to trade and meet liabilities as and when they fall due for a period of at least 12 months following approval of these financial statements. In addition, the parent company has confirmed it will not withdraw any cash from the company to the extent that it would be detrimental to the going concern status of the company.

As with any company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, however, at the date of approval of these financial statements, there are no reasons to believe they will not do so as they have sufficient financial resources and the UK company continues to be of strategic importance to the overall group.

The Company has reacted to and considered the impact of Covid-19 on the organisation, not least on the growth plans. In the initial period following the announcement of the global pandemic, focus was on understanding the potential adverse impact on the demand for, and the Company's ability to deliver products and within this to ensure the company secures its short-term operational cash flow requirements.

At the year end the Company's turnover increased from the previous year by 6.8% to £23.3 million, the result before tax has improved to a loss of £3 million and the company has strong cash balances. The directors now consider that in 2021 any adverse impact of Covid-19 has been more than offset by the increased activity in existing projects, along with new opportunities the company has been awarded. Therefore, the directors expect the company will exceed its 2021 sales in 2022 with sufficient working capital for at least 12 months of the approval of the financial statements to achieve this.

For the reasons set out above, the directors have concluded that there are no material uncertainties relating to going concern, including the impact of Covid-19.

Auditor
In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

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 in order to become aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

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Mr R C Thiroff
Director

Date: 20 - 1 - 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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.

PROFINE UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PROFINE UK LIMITED

Opinion

We have audited the financial statements of Profine UK Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, 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 FRS 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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 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.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.

Azets Audit Services

Laura Hinsley FCCA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

Date: 21 January 2022

Chartered Accountants
Statutory Auditor

6th Floor, Bank House
8 Cherry Street
Birmingham
United Kingdom
B2 5AL

PROFINE UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover		23,287,438	21,799,025
Cost of sales		(22,564,945)	(20,622,016)
Gross profit		722,493	1,177,009
Distribution costs		(908,465)	(973,325)
Administrative expenses		(3,000,253)	(2,992,980)
Other operating income/(expenses)		134,116	(1,750)
Operating loss	3	(3,052,109)	(2,791,046)
Interest receivable and similar income	6	4,918	1,670
Loss before taxation		(3,047,191)	(2,789,376)
Tax on loss	7	-	(2,093,098)
Loss for the financial year		(3,047,191)	(4,882,474)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The notes on pages 15 to 28 form part of these financial statements.

PROFINE UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Loss for the year	(3,047,191)	(4,882,474)
Other comprehensive income	-	-
Total comprehensive income for the year	(3,047,191)	(4,882,474)

PROFINE UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	**8**		2,561,209		1,511,576
Investments	**9**		1		-
			2,561,210		1,511,576
Current assets					
Stocks	**11**	2,320,421		2,748,882	
Debtors	**12**	12,979,395		2,697,838	
Cash at bank and in hand		843,647		978,529	
		16,143,463		6,425,249	
Creditors: amounts falling due within one year	**13**	(17,645,232)		(5,510,518)	
Net current (liabilities)/assets			(1,501,769)		914,731
Total assets less current liabilities			1,059,441		2,426,307
Creditors: amounts falling due after more than one year	**14**		(1,506,000)		-
Provisions for liabilities					
Provisions	**16**	174,325		-	
			(174,325)		-
Net (liabilities)/assets			(620,884)		2,426,307
Capital and reserves					
Called up share capital	**18**		17,920,002		17,920,002
Profit and loss reserves			(18,540,886)		(15,493,695)
Total equity			(620,884)		2,426,307

The financial statements were approved by the board of directors and authorised for issue on 20-1-2022 and are signed on its behalf by:

Mr R C Thiroff
Director

Company Registration No. 01811296

The notes on pages 15 to 28 form part of these financial statements.

PROFINE UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2019	17,920,002	(10,611,221)	7,308,781
Year ended 31 December 2019:			
Loss and total comprehensive income for the year	-	(4,882,474)	(4,882,474)
Balance at 31 December 2019	17,920,002	(15,493,695)	2,426,307
Year ended 31 December 2020:			
Loss and total comprehensive income for the year	-	(3,047,191)	(3,047,191)
Balance at 31 December 2020	17,920,002	(18,540,886)	(620,884)

The notes on pages 15 to 28 form part of these financial statements.

1 Accounting policies

Company information

Profine UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Common Road, Huthwaite, Sutton-in-Ashfield, Nottinghamshire, United Kingdom, NG17 6AD.

1.1 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: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48 (b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Profine GmbH, incorporated in Germany. These consolidated financial statements are available from its registered office, Mulheimer Strabe 26, 53840, Troisdorf, Germany.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. Profine UK Limited, at the end of the year was a wholly owned subsidiary of Profine GmbH. Which is incorporated outside the United Kingdom and in accordance with Section 401 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

1 Accounting policies **(Continued)**

1.2 Going concern

The financial statements have been prepared by the Directors on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future for at least 12 months from the approval of the financial statements.

At the year end the company achieved a loss for the financial year of £3.0m (2019: £4.8m) and is in a net liability position of £0.6m (2019: net asset position of £2.4m). However, the parent company Profine GmbH, a global PVCU extrusions group have provided written confirmation that they will continue to provide financial support to Profine UK Ltd to enable them to trade and meet liabilities as and when they fall due for a period of at least 12 months following approval of these financial statements. In addition, the parent company has confirmed it will not withdraw any cash from the company to the extent that it would be detrimental to the going concern status of the company.

As with any company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, however, at the date of approval of these financial statements, there are no reasons to believe they will not do so as they have sufficient financial resources and the UK company continues to be of strategic importance to the overall group.

The Company has reacted to and considered the impact of Covid-19 on the organisation, not least on the growth plans. In the initial period following the announcement of the global pandemic, focus was on understanding the potential adverse impact on the demand for, and the Company's ability to deliver products and within this to ensure the company secures its short-term operational cash flow requirements.

At the year end the Company's turnover increased from the previous year by 6.8% to £23.3 million, the result before tax has improved to a loss of £3 million and the company has strong cash balances. The directors now consider that in 2021 any adverse impact of Covid-19 has been more than offset by the increased activity in existing projects, along with new opportunities the company has been awarded. Therefore, the directors expect the company will exceed its 2021 sales in 2022 with sufficient working capital for at least 12 months of the approval of the financial statements to achieve this.

For the reasons set out above, the directors have concluded that there are no material uncertainties relating to going concern, including the impact of Covid-19.

1.3 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.

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.

1.4 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.

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:

Land and buildings - Leasehold	equal instalments over the period of the lease
Plant and machinery	20 - 33% straight line
Fixtures, fittings and equipment	20% straight line

1 Accounting policies **(Continued)**

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.

1.5 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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).

If the recoverable amount of an asset is less than its carrying amount, the carrying amount is reduced to the recoverable amount.

1.7 Stocks

Stocks are measured on a first in first out basis and stated at the lower of cost and estimated selling price less costs to complete and sell. 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.

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.

1.8 Cash and cash equivalents

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

1.9 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 balance sheet 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.

1 Accounting policies **(Continued)**

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, 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.

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, 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.

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.

1 Accounting policies **(Continued)**

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.10 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.

1.11 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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.

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. Deferred tax is charged or credited in the profit and loss account. 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 Accounting policies **(Continued)**

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

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.

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.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 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.

There are no judgements and key sources of estimation uncertainty that are not elsewhere disclosed.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
PVC profiles	23,287,438	21,799,025

	2020	2019
	£	£
Other significant revenue		
Interest income	4,918	1,670

	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	22,568,398	21,596,388
Europe	719,040	202,637
	23,723,192	21,799,025

4 Operating loss

	2020	2019
Operating loss for the year is stated after charging:	£	£
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	15,973	1,762
Fees payable to the company's auditor for the audit of the company's financial statements	24,000	18,250
Depreciation of owned tangible fixed assets	591,098	334,818
Cost of stocks recognised as an expense	19,477,764	18,310,665
Operating lease charges	955,209	958,541

5 Employees

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

	2020	2019
	Number	Number
Selling and distribution	6	4
Administration	6	7
Warehouse	19	16
Management	5	5
Technical	3	4
Total	39	36

5 Employees (Continued)

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	1,825,951	1,599,872
Social security costs	217,522	132,504
Pension costs	68,907	58,807
	2,112,380	1,791,183

6 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	197,000	58,333
Company pension contributions to defined contribution schemes	9,100	3,792
	206,100	62,125

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

7 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	617	897
Other interest income	4,301	773
Total income	4,918	1,670

8 Taxation

	2020	2019
	£	£
Deferred tax		
Origination and reversal of timing differences	-	2,093,098

8 Taxation **(Continued)**

The charge recognsied above in relation to the period ending 31 December 2019 arose on a deferred tax asset of £2.1 million that was recognised in the year ended 31 December 2018 in respect of trading losses the company had accumulated. Following the preparation of renewed projections reviewed during the year ended 31 December 2019, it was considered that the company was more likely than not to record taxable profits against which the asset would be utilised the decision was taken to derecognise the asset in this period.

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

	2020 £	2019 £
Loss before taxation	(3,047,191)	(2,789,376)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(578,966)	(529,981)
Tax effect of expenses that are not deductible in determining taxable profit	2,380	14,549
Deferred tax asset not recognised	593,059	516,933
Permanent capital allowances in excess of depreciation	-	(65,117)
Depreciation on assets not qualifying for tax allowances	4,302	63,616
Deferred tax adjustments in respect of prior years	-	2,093,098
Accelerated capital allowances	(20,775)	-
Taxation charge for the year	-	2,093,098

The company has an unrecognised deferred tax asset of £3.4 million (2019: £2.8 million) relating to tax losses, calculated using a tax rate of 19%. The deferred tax asset has not been recognised owing to uncertainty over its recoverability, specifically uncertainty over the timing and magnitude of taxable profits at the balance sheet date.

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The UK deferred tax liability as at 31 December 2020 was calculated at 19% (2019: 19%). An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future assessment of deferred tax balances accordingly.

9 Tangible fixed assets

	Land and buildings - Leasehold	Assets under construction	Plant and machinery	Fixtures, fittings and equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2020	340,186	19,442	1,875,781	156,605	2,392,014
Additions	-	-	1,640,731	-	1,640,731
Transfers	-	(19,442)	19,442	-	-
At 31 December 2020	340,186	-	3,535,954	156,605	4,032,745
Depreciation and impairment					
At 1 January 2020	302,442	-	421,391	156,605	880,438
Depreciation charged in the year	22,646	-	568,452	-	591,098
At 31 December 2020	325,088	-	989,843	156,605	1,471,536
Carrying amount					
At 31 December 2020	15,098	-	2,546,111	-	2,561,209
At 31 December 2019	37,744	19,442	1,454,390	-	1,511,576

10 Fixed asset investments

	Notes	2020	2019
		£	£
Investments in subsidiaries	11	1	-

Movements in fixed asset investments

	Shares in subsidiaries
	£
Cost or valuation	
At 1 January 2020	-
Additions	1
At 31 December 2020	1
Carrying amount	
At 31 December 2020	1
At 31 December 2019	-

11 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

11 Subsidiaries (Continued)

Name of undertaking	Registered office	Class of shares held	% Held Direct
Profine UK Extrusions Ltd	Common Road, Huthwaite, Sutton-In-Ashfield, England, NG17 6AD	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves	Profit/(Loss)
	£	£
Profine UK Extrusions Ltd	(192,664)	(192,664)

12 Stocks

	2020	2019
	£	£
Finished goods and goods for resale	2,320,421	2,748,882

Stocks are stated after provisions for impairment of £204,075 (2019 - £nil).

13 Debtors

	2020	2019
Amounts falling due within one year:	£	£
Trade debtors	4,265,873	2,227,919
Amounts owed by group undertakings	5,981,919	334,441
Prepayments and accrued income	413,358	135,478
	10,661,150	2,697,838

Amounts owed by group undertakings due within 1 year incudes a loan balance of £262,306 which is repayable on demand, unsecured and interest is charged at 3 month EURIBOR plus 1%. The remaining balance included within amounts owed by group undertakings represents trade balances that are repayable on demand, unsecured and interest free.

	2020	2019
Amounts falling due after more than one year:	£	£
Amounts owed by group undertakings	2,318,245	-
Total debtors	12,979,395	2,697,838

Amounts owed by group undertakings due after more than 1 year are due for repayment 31 December 2023, unsecured and interest is charged at 3 month EURIBOR plus 1%.

14 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Other borrowings	16	-	4,074,183
Trade creditors		1,055,167	768,342
Amounts owed to group undertakings		14,951,139	-
Taxation and social security		736,895	466,870
Accruals and deferred income		902,031	201,123
		17,645,232	5,510,518

15 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Other borrowings	16	1,506,000	-

16 Loans and overdrafts

	2020 £	2019 £
Loans from group undertakings	1,506,000	4,074,183
Payable within one year	-	4,074,183
Payable after one year	1,506,000	-

Amounts owed by group undertakings are repayable on 31 December 2023, are unsecured and interest is charged at 3 month EURIBOR plus 1%.

17 Provisions for liabilities

	2020 £	2019 £
Onerous lease provision	174,325	-

Movements on provisions:

	Onerous lease provision £
Additional provisions in the year	174,325

18 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	68,907	58,807

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.

19 Share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
9,600,002 Ordinary of £1 each	9,600,002	9,600,002
Preference share capital		
Issued and fully paid		
8,320,000 Preference of £1 each	8,320,000	8,320,000
Preference shares classified as equity	8,320,000	8,320,000
Total equity share capital	17,920,002	17,920,002

20 Operating lease commitments

Lessee

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:

	2020	2019
	£	£
Within one year	82,889	442,889
Between two and five years	137,768	366,236
In over five years	-	4,217
	220,657	813,342

21 Events after the reporting date

The business received confirmation from the ultimate parent company, Profine GmbH, on 31 August 2021 that debts totalling £2,787,645 due from Profine UK Ltd was waived as a sign of continued financial support. This debt waiver is not considered to be an adjusting event as conditions leading to its award did not exist at the balance sheet date.

The former Managing Director Mr G Jones departed the business on 30 June 2021 and was replaced by the former Managing Director Mr R Thiroff on 1 July 2021.

22 Related party transactions

As the company is a wholly owned subsidiary of Profine GmbH at 31 December 2020, the company has taken advantage of the exemption contained within FRS 102 and has therefore not disclosed transactions or balances with entities with other entities in the group that are wholly owned by such member. The consolidated financial statements of Profine GmbH can be obtained from the address given in note 23.

23 Ultimate controlling party

The immediate parent company is Profine GmbH, a company registered in Germany, which owns 100% of the company's ordinary share capital. The ultimate parent company is HTT Holding GmbH, a company registered in Germany.

The largest group in which the results of the company are consolidated is that headed by Profine GmbH whose accounts are publicly available and can be obtained from the following address: Mulheimer Strabe 26, 53840, Troisdorf, Germany.