

Company Registration No. 02047278 (England and Wales)

BITUCHEM BUILDING PRODUCTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

BITUCHEM BUILDING PRODUCTS LIMITED

COMPANY INFORMATION

Directors	P Paschali Snr P Paschali Jnr R K Lord M Paschali D G Howie T Ellsmore M R Stott
Secretary	M Paschali
Company number	02047278
Registered office	Laymore Road Forest Vale Industrial Estate Cinderford Gloucestershire United Kingdom GL14 2PH
Auditor	Azets Audit Services Epsilon House The Square Gloucester Business Park Brockworth Gloucester United Kingdom GL3 4AD
Business address	Laymore Road Forest Vale Industrial Estate Cinderford Gloucestershire United Kingdom GL14 2PH
Bankers	Barclays Bank Plc 6 Market Place Bexleyheath Kent United Kingdom DA6 7DY

BITUCHEM BUILDING PRODUCTS LIMITED

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BITUCHEM BUILDING PRODUCTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

The results for the year are in line with expectations and are considered satisfactory by the directors. Turnover has increased by 13% to £12.9m compared to £11.4m for the previous year. The company has reported another profitable year and the results are in line with the directors expectations.

The company continue to maintain long term relationships with key clients and suppliers. It has also continued the successful development and integration of new products in the industry. This in turn has created opportunities in winning new clients and company growth into the future.

Principal risks and uncertainties

Due to the nature of the groups trade, the directors consider that changes in the economy and the effect that these changes have on the construction sectors to be a principal risk of the group. The risks that the group faces within the construction sector are mitigated, as far as possible, by fulfilling contracts for a diverse range of sectors.

The directors recognise that the current market conditions are likely to provide continuing challenges within the contracting sector in the forthcoming year. The group overall is in a strong position within the contracting sector at the year end with a significant order book for the forthcoming year.

Key performance indicators

The directors consider the key financial performance indicators (KPI's) when assessing the performance of the group. The KPI's used by the directors in the current market conditions are the control of overheads and costs.

On behalf of the board

R K Lord
Director

23 September 2022

BITUCHEM BUILDING PRODUCTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of marketing bituminous products for use in road construction and civil engineering.

Directors

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

P Paschali Snr
P Paschali Jnr
R K Lord
M Paschali
D G Howie
T Ellsmore
M R Stott

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £149,000. The directors do not recommend payment of a final dividend.

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 directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

BITUCHEM BUILDING PRODUCTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of disclosure to auditor

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

On behalf of the board

R K Lord

Director

23 September 2022

BITUCHEM BUILDING PRODUCTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BITUCHEM BUILDING PRODUCTS LIMITED

Opinion

We have audited the financial statements of Bituchem Building Products Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *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.

BITUCHEM BUILDING PRODUCTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BITUCHEM BUILDING PRODUCTS LIMITED

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 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.

BITUCHEM BUILDING PRODUCTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BITUCHEM BUILDING PRODUCTS LIMITED

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.

BITUCHEM BUILDING PRODUCTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BITUCHEM BUILDING PRODUCTS LIMITED

Use of our report

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

Mark Handscombe (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

23 September 2022

Chartered Accountants
Statutory Auditor

Epsilon House
The Square
Gloucester Business Park
Brockworth
Gloucester
United Kingdom
GL3 4AD

BITUCHEM BUILDING PRODUCTS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021 £	2020 £
Turnover	3	12,884,584	11,408,346
Cost of sales		(7,838,807)	(6,447,060)
Gross profit		5,045,777	4,961,286
Distribution costs		(598,675)	(460,993)
Administrative expenses		(3,923,619)	(3,680,349)
Other operating income		40,364	122,353
Operating profit	4	563,847	942,297
Interest payable and similar expenses	7	(19,642)	(19,056)
Profit before taxation		544,205	923,241
Tax on profit	8	(66,503)	(103,672)
Profit for the financial year		477,702	819,569
Retained earnings brought forward		4,941,937	4,176,368
Dividends	9	(149,000)	(54,000)
Retained earnings carried forward		5,270,639	4,941,937

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

BITUCHEM BUILDING PRODUCTS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	10		1,378,116		1,400,851
Current assets					
Stocks	11	1,101,577		619,724	
Debtors	12	1,225,758		923,413	
Cash at bank and in hand		3,192,265		3,137,918	
		<u>5,519,600</u>		<u>4,681,055</u>	
Creditors: amounts falling due within one year	13	<u>(1,350,598)</u>		<u>(907,062)</u>	
Net current assets			4,169,002		3,773,993
Total assets less current liabilities			<u>5,547,118</u>		<u>5,174,844</u>
Creditors: amounts falling due after more than one year	14		(19,695)		(37,875)
Provisions for liabilities					
Deferred tax liability	17	<u>256,684</u>	(256,684)	<u>194,932</u>	(194,932)
Net assets			<u>5,270,739</u>		<u>4,942,037</u>
Capital and reserves					
Called up share capital	19		100		100
Profit and loss reserves			<u>5,270,639</u>		<u>4,941,937</u>
Total equity			<u>5,270,739</u>		<u>4,942,037</u>

The financial statements were approved by the board of directors and authorised for issue on 23 September 2022 and are signed on its behalf by:

R K Lord
Director

Company Registration No. 02047278

BITUCHEM BUILDING PRODUCTS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	25	676,496		1,413,539	
Interest paid		(19,642)		(19,056)	
Income taxes paid		(31,869)		-	
Net cash inflow from operating activities		<u>624,985</u>		<u>1,394,483</u>	
Investing activities					
Purchase of tangible fixed assets		(418,532)		(313,860)	
Net cash used in investing activities		<u>(418,532)</u>		<u>(313,860)</u>	
Financing activities					
Payment of finance leases obligations		(21,280)		(24,917)	
Dividends paid		(149,000)		(54,000)	
Net cash used in financing activities		<u>(170,280)</u>		<u>(78,917)</u>	
Net increase in cash and cash equivalents		36,173		1,001,706	
Cash and cash equivalents at beginning of year		<u>3,137,918</u>		<u>2,136,212</u>	
Cash and cash equivalents at end of year		<u><u>3,174,091</u></u>		<u><u>3,137,918</u></u>	
Relating to:					
Cash at bank and in hand		3,192,265		3,137,918	
Bank overdrafts included in creditors payable within one year		(18,174)		-	
		<u><u>3,174,091</u></u>		<u><u>3,137,918</u></u>	

BITUCHEM BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Bituchem Building Products Limited is a private company limited by shares incorporated in England and Wales. The registered office is Laymore Road, Forest Vale Industrial Estate, Cinderford, Gloucestershire, United Kingdom, GL14 2PH.

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.

1.2 Going concern

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

1.3 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.

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

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

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

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:

Plant and equipment	5%-20% straight line
Fixtures and fittings	10%-25% straight line
Motor vehicles	25% and 50% reducing balance

BITUCHEM BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

1.6 Stocks

Stocks are 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.

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

Cost is calculated using the first in first out (FIFO) methodology.

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.

1.7 Cash and cash equivalents

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

BITUCHEM BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.8 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.

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.

BITUCHEM BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

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.

1.9 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.

1.10 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.

BITUCHEM BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. 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.

1.11 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.

1.12 Employee benefits

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

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

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

1.13 Retirement benefits

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

1.14 Leases

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

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

BITUCHEM BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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 leases asset are consumed.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.16 Foreign exchange

Transactions in currencies other than pounds 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.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021 £	2020 £
Turnover analysed by class of business		
Sale of goods	12,374,996	11,229,754
Recharged income	509,588	178,592
	<u>12,884,584</u>	<u>11,408,346</u>
	<u><u>12,884,584</u></u>	<u><u>11,408,346</u></u>
	2021 £	2020 £
Other significant revenue		
Grants received	40,364	107,853
	<u>40,364</u>	<u>107,853</u>

All of the companies sales are in the UK.

BITUCHEM BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue (Continued)

The government grant income relates to monies received under the coronavirus job retention scheme.

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	-	(7,259)
Government grants	(40,364)	(107,853)
Fees payable to the company's auditor for the audit of the company's financial statements	7,850	7,695
Depreciation of owned tangible fixed assets	413,937	473,638
Depreciation of tangible fixed assets held under finance leases	27,330	28,777
Operating lease charges	302,176	261,085

5 Employees

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

	2021	2020
	Number	Number
Employees	26	24
Directors	7	7
Total	33	31

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	1,120,678	1,265,739
Social security costs	176,910	170,994
Pension costs	126,814	121,462
	1,424,402	1,558,195

BITUCHEM BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	398,904	556,085
Company pension contributions to defined contribution schemes	86,799	5,919
	<u>485,703</u>	<u>562,004</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	230,046	240,478
Company pension contributions to defined contribution schemes	29,239	-
	<u>259,285</u>	<u>240,478</u>

7 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on invoice finance arrangements	16,833	15,655
Other finance costs:		
Interest on finance leases and hire purchase contracts	2,809	3,401
	<u>19,642</u>	<u>19,056</u>

8 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	9,169	126,478
Adjustments in respect of prior periods	(4,418)	-
Total current tax	<u>4,751</u>	<u>126,478</u>
Deferred tax		
Origination and reversal of timing differences	61,752	(22,806)
	<u>66,503</u>	<u>103,672</u>

BITUCHEM BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Taxation

(Continued)

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

	2021 £	2020 £
Profit before taxation	544,205	923,241
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	103,399	175,416
Tax effect of expenses that are not deductible in determining taxable profit	2,930	3,212
Adjustments in respect of prior years	(4,418)	-
Effect of change in corporation tax rate	61,604	-
Depreciation on assets not qualifying for tax allowances	4,440	4,194
Research and development tax credit	(98,523)	(79,150)
Super deduction claimed	(2,929)	-
Taxation charge for the year	66,503	103,672

9 Dividends

	2021 £	2020 £
Interim paid	149,000	54,000

10 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2021	4,395,828	187,675	123,816	4,707,319
Additions	416,610	1,922	-	418,532
At 31 December 2021	4,812,438	189,597	123,816	5,125,851
Depreciation and impairment				
At 1 January 2021	3,075,316	135,708	95,444	3,306,468
Depreciation charged in the year	415,007	19,168	7,092	441,267
At 31 December 2021	3,490,323	154,876	102,536	3,747,735
Carrying amount				
At 31 December 2021	1,322,115	34,721	21,280	1,378,116
At 31 December 2020	1,320,512	51,967	28,372	1,400,851

BITUCHEM BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 £	2020 £
Plant and equipment	46,268	69,258
Motor vehicles	13,021	17,361
	<u>59,289</u>	<u>86,619</u>

11 Stocks

	2021 £	2020 £
Raw materials and consumables	1,101,577	619,724
	<u>1,101,577</u>	<u>619,724</u>

12 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	608,068	540,579
Corporation tax recoverable	54,331	27,213
Amounts owed by group undertakings	340,812	268,478
Other debtors	-	19,674
Prepayments and accrued income	222,547	67,469
	<u>1,225,758</u>	<u>923,413</u>

13 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	15	18,174	-
Obligations under finance leases	16	18,180	21,280
Trade creditors		395,885	264,387
Amounts owed to group undertakings		94,692	63,033
Taxation and social security		21,168	109,742
Other creditors		554,334	-
Accruals and deferred income		248,165	448,620
		<u>1,350,598</u>	<u>907,062</u>

BITUCHEM BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Obligations under finance leases	16	19,695	37,875

15 Loans and overdrafts

	2021 £	2020 £
Bank overdrafts	18,174	-
Payable within one year	18,174	-

16 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	20,905	25,851
In two to five years	22,647	43,552
	43,552	69,403
Less: future finance charges	(5,677)	(10,248)
	37,875	59,155

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

The finance lease obligations are secured against the assets to which they relate.

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	257,535	194,932
Other timing differences	(851)	-
	256,684	194,932

BITUCHEM BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

17 Deferred taxation (Continued)

Movements in the year:	2021
	£
Liability at 1 January 2021	194,932
Charge to profit or loss	61,752
	<u>256,684</u>
Liability at 31 December 2021	<u>256,684</u>

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

18 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	126,814	121,462
	<u>126,814</u>	<u>121,462</u>

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

19 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary of £1 each	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

20 Financial commitments, guarantees and contingent liabilities

The company has given a guarantee to the bank in respect of loans and overdrafts of fellow subsidiaries and its parent undertaking. At the balance sheet date the maximum potential liability was £226,566 (2020: £209,508).

21 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:

	2021	2020
	£	£
Within one year	157,281	131,124
Between two and five years	538,935	87,558
In over five years	46,981	-
	<u>743,197</u>	<u>218,682</u>

BITUCHEM BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

22 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021 £	2020 £
Acquisition of tangible fixed assets	326,792	-

23 Related party transactions

Transactions with related parties

The company has taken the available exemption under section 33.1A of FRS 102 to not disclose balances or transactions made with other group members.

24 Ultimate controlling party

The company is a 99% owned subsidiary of Bituchem Holdings Limited, a company incorporated in England & Wales. Bituchem Holdings Limited is the smallest and largest group in which the results of the company are consolidated. Copies of the group financial statements are available from their registered office Laymore Road, Forest Vale Industrial Estate, Cinderford, Gloucestershire, GL14 2PH.

At 31 December 2021 the company's ultimate parent company was Inter-Euro Investments Limited, a company incorporated in Cyprus, by virtue of its 100% interest in the share capital of Bituchem Holdings Limited.

The ultimate controlling party is P Paschali Snr by virtue of his controlling interest in Inter-Euro Investments Limited.

25 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	477,702	819,569
Adjustments for:		
Taxation charged	66,503	103,672
Finance costs	19,642	19,056
Depreciation and impairment of tangible fixed assets	441,267	502,415
Movements in working capital:		
(Increase)/decrease in stocks	(481,853)	267,590
Increase in debtors	(275,227)	(127,837)
Increase/(decrease) in creditors	428,462	(170,926)
Cash generated from operations	676,496	1,413,539

BITUCHEM BUILDING PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

26 Analysis of changes in net funds

	1 January 2021	Cash flows	31 December 2021
	£	£	£
Cash at bank and in hand	3,137,918	54,347	3,192,265
Bank overdrafts	-	(18,174)	(18,174)
	<u>3,137,918</u>	<u>36,173</u>	<u>3,174,091</u>
Obligations under finance leases	(59,155)	21,280	(37,875)
	<u>3,078,763</u>	<u>57,453</u>	<u>3,136,216</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.