

Everbuild Building Products Limited

Everbuild Building Products Limited

Report and Financial Statements

31 December 2022

Registered Number: 02890352

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COMPANY INFORMATION

Directors

DE Lang
AC Gonzales Lucas

Registered Number

02890352

Registered Office

The Sika Building
Watchmead
Welwyn Garden City
Hertfordshire
AL7 1BQ

Auditors

KPMG LLP
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH

Bankers

Lloyds Bank plc
Lisbon House
2nd Floor
116 Wellington Street
Leeds
LS1 4LT

Solicitors

DAC Beachcroft LLP
3 Hardman Street
Manchester
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Strategic report

Principal activity and review of the business

The principal activity of the company is the manufacture, packaging and marketing of a wide range of sealants, adhesives and building products.

The company was acquired by Sika Limited, a UK subsidiary of Sika AG, on 14 June 2013. Sika AG is a Swiss-based global manufacturer of building chemicals.

As part of an entity rationalisation programme, the company transferred its fixed assets and inventory to Sika Limited in December 2022. On 1 January 2023, the trade, prepayments and accruals was transferred to Sika Limited. All other balance sheet items will remain with Everbuild Building Products to be cash settled in advance of the entity being struck off. Accordingly, these financial statements have been prepared on a basis other than a going concern.

Turnover in 2022 decreased by 4% compared to 2021. As the Market still remained price sensitive, ongoing supply chain issues, increases to raw material costs, and hikes in energy prices the margin remained stable and consistent with prior year.

The company continued to focus on innovation, product portfolio and service levels in order to secure a strong position in the UK market and continued its strategic planning approach to pricing.

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

	Unit	2022	2021
Turnover	£	133,064,000	138,673,000
Turnover growth	£	(5,609,000)	18,905,000
Gross margin	%	34.7	34.3
Profit before tax	£	10,530,000	10,375,000

Future developments

As described above, the company has ceased trading following the transfer of trade to another group entity. The company is expected to become dormant once all residual activities have ceased.

Principal risks and uncertainties

During 2022, the economic and business environment was challenging with supply chain issues, increases in raw material costs and hikes in energy prices.

A structured process is in place in order to enable early identification of critical materials and/or suppliers where supply chain issues may be faced in order to mitigate potential risks.

As supply chain issues may lead to pressure on margins, the business continues to actively manage material margin through the monitoring of raw material prices as well as sales prices in order to mitigate any risks.

Sustainability and environmental impacts remain a key focus for the business.

Strategic report (continued)

With its defined sustainability targets for the reduction of energy and water consumption, as well as waste, Everbuild minimised its need for resources and considered the environmental impacts of the production process.

During 2022, the business continued to focus on operational efficiency, an increase in market penetration, and the targeted orientation on environmentally-friendly products and sustainability.

Price, credit, liquidity and cash flow risks

The company operated in a competitive market environment, whereas prices of goods were seen as one of the crucial factors. Price competitiveness was ensured by constantly improving efficiency in the manufacturing and logistics processes, which allowed maintaining and improving margins. Furthermore, the company continued to strive in providing a high standard of service levels to its customers ensuring stock availability and on time delivery on all its goods, which could be seen as a competitive advantage to its competitors.

Despite the competitive market environment, both the recent developments on commodity markets (which impacted raw material prices) and the weakening of the British pound (since the UK voted to leave the EU) resulted into general increase of price levels in the merchant market. Further to this, the company was also faced with issues surrounding the importing of goods in which significant increases in transport costs occurred. The company balanced those impacts with a mixture of specific price increases and efficiency gains in order to maintain margin.

Trade debtors were managed in respect of credit and cash flow risk policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Section 172 Statement

The Directors fulfil their duty by ensuring that there is a strong governance through all aspects of the company's operations. The future success of Everbuild is not only dependent on pursuing the right strategy but is just as much based on the trust and dedication of all employees. The five management principles express the corporate culture and are the foundation of future success:

- **Customer first-** Everbuild is dedicated in providing and maintaining the highest quality standards with its products and services. All solutions are designed with the customers' success in mind and to build long lasting and mutually beneficial relationships rather than focus on short-term business.
- **Courage for Innovation-** The success and reputation of our company is based on its long-lasting tradition for innovation. Accordingly, the core of the business is innovation management and focus on developing quality products and the best solutions for customers.
- **Sustainability & Integrity-** Everbuild takes a long-term perspective on the development of the business and acts with respect and responsibility towards its customers, stakeholders and employees. The company operates with a strong focus on safety, quality, environment, fair treatment, social involvement, responsible growth and value creation. Everbuild does not compromise on integrity and apply high ethical standards to its work. Our internal "Code of Conduct" defines the standards and rules of behaviour for the company and all its employees.
- **Empowerment & Respect-** Everbuild fosters trustful and respectful working relationships and doesn't exercise authority in purely formal ways. The working climate is one of aspiration and inspiration. Everbuild empowers its people to develop and propose new ideas and delegates decisions and responsibilities to the level of competence.
- **Manage for Results-** Everbuild aims for success and takes pride in continuously achieving outstanding results and outperforming its markets. The company pursues the vision and targets with persistency and a long-term view.

Strategic report (continued)

Section 172 Statement (continued)

Everbuild is a subsidiary of Sika Limited and forms part of the Sika group. The Group has a central Corporate board, area managers and regional managers. Several visits are carried out each year to local sites by the area manager and regional managers in order to discuss KPI's, deliver key engagement and future strategies. The Board of Directors at Everbuild consider that they, both individually and collectively, have acted in a way that would be most likely to promote the success of the Company for the benefit of its members as a whole (having regards to stakeholders and matters set out in S172 (1)(a-f) of the Act) in the decisions they have taken during the year ended 31 December 2022. In making this statement the Directors considered the longer-term consideration of stakeholders and the environment and have taken into account the following:


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

Stakeholder engagement is a key part of our business practice. The company engages with key stakeholders in order to find out what material issues/ topics matter to them about their performance in order to improve strategy, decision-making and accountability. The company has created an internal project group, Customer: Landscape and Environment. The group objective is to use customer insight to structure key initiatives that will enable Everbuild to become flexible, agile and responsive in order to increase sales revenue, brand awareness and deliver a best in class customer experience.

The key principal decisions made during the year was as follows:

1. In December 2022, all fixed assets and inventory were transferred to Sika Limited. With effect from 1 January 2023 as part of an entity rationalisation programme, the company transferred its trade prepayments and accruals to Sika Limited. All other balance sheet items will remain with Everbuild Building Products to be cash settled in advance of the entity being struck off.

This report was approved by the board and signed on its behalf by


Daniel Lang (Dec 8, 2023 15:11 GMT+1)

DE Lang
Director

6th December 2023

Directors' report

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

STREAMLINED ENERGY AND CARBON REPORTING (SECR) REPORT

Background

Everbuild Building Products Ltd manufactures products for the construction sector. In 2022 Everbuild Building Products Ltd sold over 69,000 tonnes of products and currently employs more than 370 staff.

Report

	Scope	Unit	Everbuild			
			2019	2020	2021	2022
A1 Gas	1	MWh	1,809	1,297	1,697	602
A2 Transport Fuel	1	MWh	316	380	891	496
A3 Electricity	2	MWh	4,109	3,704	3,852	3,420
(Non-renewable Sources)		MWh		2,811	N/A	N/A
(Renewable Sources)				893	N/A	3,420
A4 Other Energy Sources	3	MWh	0	0	0	0
A5 Total		MWh	6,234	9,085	6,440	4,518
B1 Emissions from combustion of gas tCO2e	1	tCO2e	333	238	313	0
B2 Emissions from combustion of fuel for transport purposes	1	tCO2e	59	70	157	110
B3 Emissions from purchased electricity	2	tCO2e	1,050	655	0	0
B4 Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel	3	tCO2e				
B5 Total gross CO2e based on above		tCO2e	1,442	963	470	110
C1 Intensity ratio: tCO2e gross figure based from mandatory fields above/ e.g. £100,000 revenue (mandatory)		tCO2e / tonne sold	0.022	0.012	0.006	0.002

Energy efficiency action taken

- Phase 3 of our LEV lighting upgrade was completed at Everbuild with the replacement of 352 units.
- Motion sensors were also installed in the factory for all new LEV lighting units, with the sensitivity adjusted according to activity.
- Audit conducted to identify which machines can and should be switch off after use/ at weekends etc. Behavioural change campaign launched with machines that can/ should be switched off clearly labelled as such.
- The boiler was also replaced in 2022 with a more efficient model.
- Review conducted on compressors identifying air leaks to allow prioritisation for repairs.
- Enhanced efficiency in production planning and other manufacturing procedures have resulted in incremental improvements per tonne of material produced throughout 2022.

Directors' report (continued)

Methodology used for carbon footprint calculation

	Scope	Unit	Everbuild			
			2019	2020	2021	2022
A1 Source: Billing Data						
A2 Source of Business Miles Driven: "Web-Expenses" report						
Source of Vehicle Type: Fleet Information. Where Fleet data is not available, average data used from the UK Govt. Datasets. k/government/collections/government-conversion-factors-for-company-reporting (Dataset only within 2020 sheet so used for both years)						
A3 Source: Billing Data						
A4 Source: Business Miles Driven in private car / hire car. "Web-Expenses" report Vehicle Type unknown. Assumed "Average" Car						
A5 Calculation						
B1 Natural Gas Conversion Factors 2020 & 2021		kg CO2e / kWh	0.18385	0.18387	0.18438	0.18254
Source of Emissions Factors: https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting						
B2 Manufacturer's gCO2/km data used.						
B3 Electricity Conversion Factors		kg CO2e / kWh	0.2556	0.23314	0	0
Source of Emissions Factors: https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting						
Electricity Sourced from 100% Renewable Sources						
B4 CO2 associated with use of private car / hire car for business purposes. Vehicle types unknown. Assumed "Average Car"		kg CO2e / kWh		0	0	0
B5 Calculation						
C1 Intensity ratio: tCO2e gross figure based from mandatory fields above/ tonnes sold (excluding Intercompany sales)		Tonnes sold	64,923	78,121	78,387	69,185

Results and dividends

The profit for the year after taxation amounted to £9,730,000 (2021: £8,397,000).

A dividend of £28,448,000 was declared during the year (2021: £9,000,000). The directors will approve a final dividend payment to the parent in line with strike off activity.

Directors

The directors who served the company during the year were as follows:

AC Gonzales Lucas
DE Lang

Political and charitable contributions

The Company made no political donations during the year (2021: £nil). During the year the company made no charitable donations (2021: £nil).

Disabled employees

The company does all that is practicable to meet its responsibilities towards the employment and training of disabled people. Where an employee becomes disabled, every effort is made to provide continuity of employment in the same job or a suitable alternative.

Employee Involvement

The company seeks to provide employees with information that concerns them. The company continues to involve staff in the decision-making process and communicates regularly with them during the year.

Directors' report (continued)

The company's aim for all its staff and applicants for employment is to fit the qualifications, aptitude and ability of each individual to the appropriate job and to provide equal opportunity, regardless of sex, religion or ethnic origin.

Events after the reporting date

In December 2022, as part of an entity rationalisation programme, the company transferred some assets including inventory and fixed assets to Sika Limited.


With effect from 1 January 2023, to further enact the rationalisation programme, the company transferred its trade and some further assets to Sika Limited. All other balance sheet items will remain with Everbuild Building Products to be cash settled in advance of the entity being struck off.

Disclosure of information to the auditors

The directors who held office at the date of approval of the Report of the Directors confirm that, so far as each person was aware, there is no relevant audit information of which the Company's auditors are unaware. Having made enquiries of fellow director and the company's auditor, each director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Reappointment of auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office for 2023.


Daniel Lang (Dec 8, 2023 15:11 GMT+1)

DE Lang
Director

6th December 2023

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT,
THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. (As explained in note 2.2, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Everbuild Building Products Limited

Opinion

We have audited the financial statements of Everbuild Building Products Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of profit and loss and other comprehensive income, Balance sheet, Statement of Changes in Equity and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter – non going concern basis of preparation

We draw attention to the disclosure made in note 2.2 to the financial statements which explains that the financial statements have not been prepared on a going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud as well as enquiring whether they have knowledge of any actual, suspected or alleged fraud; and using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the company had stopped trading in December 2022 ahead of transfer of trade on 1 January 2023.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

Independent auditor's report to the members of Everbuild Building Products Limited (continued)

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, data protection, environmental protection and anti-bribery law, recognising the nature of the company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Independent auditor's report to the members of Everbuild Building Products Limited (continued)

Responsibilities of directors

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

M Usman

.....
Muhammad Usman (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

Date: *11-12-23*

Everbuild Building Products Limited

Statement of profit and loss and other comprehensive income for the year ended 31 December 2022

		2022	2021
	Notes	£000	£000
Turnover	3	133,064	138,673
Cost of sales		<u>(86,881)</u>	<u>(91,117)</u>
Gross profit		46,183	47,556
Administrative expenses		<u>(37,151)</u>	<u>(37,008)</u>
Operating profit	4	9,032	10,548
Interest payable and similar charges	7	(394)	(173)
Profit on sale of fixed assets		1,892	-
Profit on ordinary activities before taxation		<u>10,530</u>	<u>10,375</u>
Tax	8	<u>(800)</u>	<u>(1,978)</u>
Profit for the financial year		9,730	8,397
Other Comprehensive Income			
Deferred Tax	8	-	(305)
Total Comprehensive Income for the year		<u>9,730</u>	<u>8,092</u>

The notes on pages 14 to 24 form part of these financial statements.


Balance Sheet

At 31 December 2022

	Notes	2022 £000	2021 £000
Fixed assets			
Tangible assets	10	-	8,958
Current assets			
Stocks	11	115	15,299
Assets held for sale	13	4,799	-
Debtors	12	22,723	22,550
Cash at bank and in hand		313	57
		<u>27,950</u>	<u>37,906</u>
Creditors: amounts falling due within one year	14	(26,122)	(25,195)
Net current assets		<u>1,828</u>	<u>12,711</u>
Total assets less current liabilities		<u>1,828</u>	<u>21,669</u>
Creditors: Provision for liabilities	8	-	(1,099)
Net assets		<u>1,828</u>	<u>20,570</u>
Capital and reserves			
Called up share capital	15	-	21
Share premium account		-	3
Revaluation reserve		-	4,500
Capital redemption reserve		9	9
Retained earnings		<u>1,819</u>	<u>16,037</u>
Shareholders' funds		<u>1,828</u>	<u>20,570</u>

The notes on pages 14 to 24 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8th December 2023


Daniel Lang (Dec 8, 2023 15:11 GMT+1)

DE Lang

Director

Statement of changes in equity

For the year ended 31 December 2022

	Share capital	Share premium	Capital redemption reserve	Revaluation reserve	Retained earnings	Total Equity
	£000	£000	£000	£000	£000	£000
At 1 January 2021	21	3	9	4,500	16,945	21,478
Comprehensive income for the year						
Profit for the financial year	-	-	-	-	8,397	8,397
Other comprehensive income	-	-	-	-	(305)	(305)
Total comprehensive income for the year	-	-	-	-	8,092	8,092
Equity dividends paid	-	-	-	-	(9,000)	(9,000)
At 31 December 2021	21	3	9	4,500	16,037	20,570
At 1 January 2022	21	3	9	4,500	16,037	20,570
Comprehensive income for the year						
Profit for the financial year	-	-	-	-	9,730	9,730
Transfer of revaluation reserve on sale of asset	-	-	-	(4,500)	4,500	-
Cancellation of own shares	(21)	(3)	-	-	-	(24)
Total comprehensive income for the year	(21)	(3)	-	(4,500)	14,230	9,706
Equity dividends paid	-	-	-	-	(28,448)	(28,448)
At 31 December 2022	-	-	9	-	1,819	1,828

During the year, land which was previously revalued was transferred to Sika Limited (refer note 10) and consequently the related revaluation reserve of £4.5 million was transferred to general reserve (retained earnings).

The notes on pages 14 to 24 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2022

1. General information

Everbuild Building Products Limited (the "Company") is a private company, limited by shares, registered in England and Wales, registered number 02890352. These financial statements have been prepared on a basis other than a going concern to reflect that with effect from 1 January 2023 as part of an entity rationalisation programme, the company transferred its trade, prepayments and accruals to Sika Limited. In December 2022, all fixed assets and inventory were transferred to Sika. All other balance sheet items will remain with Everbuild Building Products to be cash settled in advance of the entity being struck off. The registered office is The Sika Building, Watchmead, Welwyn Garden City, Hertfordshire, AL7 1BQ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 reduced disclosure framework, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £'000.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The company has taken a number of exemptions under the reduced disclosure framework within FRS102, these are:

- The requirement to present a statement of cash flows and related notes
- The requirements relating to certain disclosures in respect of related party transactions.
- The requirements relating to certain disclosures in respect of key management personnel
- The requirements relating to certain disclosures in respect of financial instruments

2.2 Going concern

During the year ended 31 December 2022, the company's principal activity was manufacturing, packaging and marketing of a wide range of sealants, adhesives and building products. As part of group rationalisation program fixed assets and inventory was sold to Sika Limited in December 2022. As part of the same program trade and certain assets of the company were transferred to sika on 1 January 2023. As the directors do not intend to acquire a replacement trade, they have not prepared the financial statements on a going concern basis. This has not resulted in any changes in the items presented on the balance sheet of the company.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

2. Accounting policies (continued)

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably

2.4 Tangible (fixed) assets

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Land	Not depreciated
Buildings	2% straight line basis
Fixtures and fittings	25% reducing balance basis
Plant and machinery	25% reducing balance basis
Motor vehicles	25% reducing balance basis

All assets are held at cost with the exception of property and buildings, which are held at valuation. On transition to FRS 102, the revaluation was used as the deemed cost.

The company's policy is to undertake a professional property valuation at least every five years, and in other years where it is considered there has been a material change in value.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate; or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 Stocks

Stocks is valued at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each Statement of Financial Position date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Statement of Comprehensive Income.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction cost, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with significant risk of change in value.

2. Accounting policies (continued)

2.8 Financial Instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2.9 Financial investments

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably; at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairments found, an impairment loss is recognised in the Statement of Comprehensive Income account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the Statement of Financial Position date.

Financial assets and liabilities are offset, and the net amount reported in the Statement of Financial Position when there is an 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.

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 the Statement of Comprehensive Income in finance costs or income as appropriate. The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2. Accounting policies (continued)

2.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.11 Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Accounting policies (continued)

2.15 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years. If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.16 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods that the related costs, for which it is intended to compensate, are expensed. The Company considered that the Coronavirus Job Retention Scheme met the definition of government grants in accordance with IAS 20 Accounting for government grants and disclosure of government assistance.

2.17 Critical accounting judgements and key sources of estimation uncertainty

Stock provision: A provision is made for obsolete and slow moving stock. Obsolete stock are written down in full (generally expired goods) unless there is the possibility to extend shelf-life or repurpose the item. Slow moving stock is provided for based on the ageing and consumption pattern. The company did not have inventory as at 31 December 2022.

Recoverability of trade debtors: Trade debtors are reviewed regularly to ascertain whether a provision is required, regular meetings are held with credit control to provide updates on trade debtors outside of credit terms. Provision is created based on the ageing of the receivables in addition to any doubtful bad debts.

3. Turnover

During the year 10.1% of the company's turnover related to exports (2021: 11.5%). An analysis of turnover by geographical market is given below:

	2022 £000	2021 £000
Sales		
UK	119,679	122,775
Europe	8,677	9,300
Rest of world	4,708	6,598
	<u>133,064</u>	<u>138,673</u>

4. Operating profit

This is stated after charging / (crediting):

	2022 £000	2021 £000
Depreciation of tangible fixed asset	1,314	1,315
Furlough income	-	(35)
Foreign currency (gain) / loss	59	(459)
Operating lease rentals – motor	427	469
– plant	556	511
Profit on disposal of fixed assets	<u>(1,892)</u>	<u>-</u>

Everbuild Building Products Limited

5. Auditor's remuneration

	2022 £000	2021 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	81	56
Other fees payable to the company's auditors and its associates in respect of Tax compliance services	-	21

6. Staff costs

Staff costs were as follows:

	2022 £000	2021 £000
Wages and salaries	14,923	15,630
Social security costs	1,612	1,486
Other pension costs	1,279	1,150
	17,814	18,266

The average number of employees, including directors, during the year was as follows:

	2022	2021
Administration and support	31	30
Production	238	241
Sales, marketing and distribution	106	83
	375	354

The Directors did not receive any remuneration from the company during the year. The Directors did not provide specific services to the company during this year.

7. Interest payable and similar charges

	2022 £000	2021 £000
Interest paid to group companies	394	173
Bank interest receivable	-	-
	394	173

Everbuild Building Products Limited

8. Taxation

	2022 £000	2021 £000
Corporation Tax:		
UK corporation tax on the profit for the year	2,126	1,945
Effect of group relief	(1,499)	-
Adjustments in respect of previous years	(6)	-
Total Current Tax	621	1,945
Deferred Tax:		
Origination and reversal of timing differences	133	-
Adjustments in respect of previous years	3	-
Deferred Tax (cont):		
Effect of changes in tax rates and laws	43	33
Total Deferred Tax	179	33
	800	1,978
Other Comprehensive Income		
Deferred Tax - Current year charge	-	305
Deferred Tax - Prior year adjustment	-	-
	-	305

Factors affecting tax charge for the year:

	2022 £000	2021 £000
Profit on ordinary activities before tax	10,530	10,375
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	2,001	1,972
Effects of:		
Expenses not deductible for tax, other than goodwill, amortisation and impairment	194	77
Effect of changes in tax rates and laws	43	(41)
Effect of group relief	(1,499)	-
Adjustments to tax charge in respect of prior periods	(3)	-
Other differences leading to an increase/ (decrease) in the tax charge	64	(30)
Total tax charge for the year	800	1,978

Everbuild Building Products Limited

Deferred Tax

	2022 £000	2021 £000
Fixed asset timing difference	-	1,193
Short term timing difference	-	(94)
	-	1,099

The movement in the deferred tax liability in the year is as follows:

	£000
Provision at start of year	1,099
Deferred tax charge for the year	178
Movement arising from the transfer of fixed assets	(1,277)
At 31 December 2022	-

In May 2021, a tax rate change for the standard rate of UK corporation tax was substantively enacted. The rate will increase to 25% on 1 April 2023. This would have increased the future tax charge of the entity.

9. Dividends

	2022 £000	2021 £000
Ordinary shares		
Dividend payable to Sika UK	28,448	9,000

During the year the directors declared following interim dividends

- In May 2023 an interim dividend of £405.16 per share was declared and paid during the year
- In December 2023 an interim dividend of £20m per share was declared and settled against intercompany receivable from the parent company

In the prior year interim dividend of £431.63 per share were declared and paid.

Everbuild Building Products Limited

10. Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost or Valuation					
At 1 January 2022	7,035	14,767	4,044	14	25,860
Additions	1,120	270	170	-	1,560
Transfer of asset	(8,155)	(15,037)	(4,214)	(14)	(27,420)
At 31 December 2022	-	-	-	-	-
Depreciation:					
At 1 January 2022	1,711	12,120	3,057	14	16,902
Charge for the year	380	674	260	-	1,314
Transfer of asset	(2,091)	(12,794)	(3,317)	(14)	(18,216)
At 31 December 2022	-	-	-	-	-
Net Book Value:					
At 31 December 2022	-	-	-	-	-
At 31 December 2021	5,324	2,647	987	-	8,958

The total P&L impact on transfer of assets was £1,892,380

There are no leased assets held in the company during the current and prior year.

11. Stocks

	2022 £000	2021 £000
Raw materials and consumables	-	5,979
Finished goods and goods for resale	115	9,320
	115	15,299

The difference between purchase price or production cost of stocks and their replacement cost is not material.

The amount of stock recognised as an expense in the year was £78,099,948 (2021: £82,207,316).

The amount of stock provided for reduced in 2022 giving a credit in the income statement of (£80,641) (2021: (£47,486)).

Everbuild Building Products Limited

12. Debtors

	2022	2021
	£000	£000
Trade debtors	17,051	19,423
Amounts owed from parent company	3,547	57
Amounts owed from other related party/ group companies	990	1,312
Prepaid Corporation Tax	419	-
Other debtors	-	1,382
Prepayments and accrued income	716	376
	<u>22,723</u>	<u>22,550</u>

Trade and other debtors are stated at cost and receivable within 45 days. Fair value is equal to book value.

As at 31 December 2022, amounts owed from related parties were denominated in Sterling, unsecured, do not incur interest, and are repayable on demand.

13. Assets held for sale

	2022	2021
	£000	£000
Assets held for sale	4,799	-
	<u>4,799</u>	<u>-</u>

These relates to capital advances made to suppliers which is held for sale to its parent company and expected to be transferred in the financial year 2023.

14. Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	5,768	9,584
Amounts owed to parent company	146	621
Amounts owed to other related party/ group companies	1,308	193
Loan from Group companies	16,473	12,104
Corporation tax	0	302
Other taxes and social security costs	1,471	739
Other creditors	167	169
Accruals and deferred income	789	1,483
	<u>26,122</u>	<u>25,195</u>

Trade and other creditors are stated at cost and payable within 45 days. Fair value is equal to book value. As at 31 December 2022, amounts owed to related parties were denominated in Sterling, unsecured, do not incur interest, and are repayable on demand.

Interest is payable on loans from group company which is invoiced at 6.95% p.a.

Everbuild Building Products Limited

15. Share capital

	2022	2021
Allotted, called up and fully paid		
1 Ordinary share of £1 (2021: 20,851 of £1 each)	1	20,851

On 15 June 2022, the issued share capital was reduced by cancelling all but one of the issued shares of £1 each. At the same time, company's share premium account was cancelled and the amount was credited to reserves.

16. Capital commitments

Amounts contracted for but not provided on the financial statements amounted to £Nil (2021: £4,317,000).

17. Pension commitments

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. The total contributions paid by the company during the year amounted to £1,279,416 (2021: £1,149,700)

Contributions totalling £166,678 (2021: £169,340) were payable to the scheme at the end of the year and are included in creditors.

18. Other financial commitments

At 31 December 2022 the company had total commitments to heavy machinery and factory equipment under non-cancellable operating leases as follows:

	2022 £000	2021 £000
Operating leases which expire:		
Within one year	264	304
In two to five years	-	501
	<u>264</u>	<u>805</u>

19. Related party transactions

During the year the group entered into transactions, in the ordinary course of business, with other related parties. As explained in note 2.1, exemption has been taken from disclosing transactions with related parties and information about key management personnel. Balances with related parties have been disclosed in notes 12 and 13.

20. Ultimate parent undertaking and controlling party

In the opinion of the directors, the company's immediate parent undertaking is Sika Limited, a company incorporated in England. The company's ultimate and controlling party is Sika AG, which is incorporated in Baar, Switzerland, and prepares group financial statements. Copies of the group financial statements of Sika AG are available from Sika AG, Zugerstrasse 50, 6340 Baar, Switzerland.

Everbuild Building Products Limited

21. Events after the reporting date

Further to the legal integration of Everbuild into Sika Limited (Sika) and the application of the existing Sika SAP ERP system to Everbuild's integrated trade, all trading activity within Everbuild was transferred to Sika with effect from 1 January 2023.

To enable the trading activity to commence as from 1 January 2023, following assets were transferred to Sika during December 2022 as follows:

- Land and Buildings
- Fixed Assets
- Inventory

Further assets / liabilities were transferred to Sika post year end as follows:

- Assets under construction (AUC) – January 2023
- Prepayments – March 2023
- Accruals – March 2023

All other balance sheet items will remain with Everbuild Building Products to be cash settled in advance of the entity being struck off.