

ALVIC PLASTICS LIMITED

ANNUAL REPORT

FOR THE PERIOD ENDED 31 December 2021

COMPANY REGISTERED NO: 10270423

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ALVIC PLASTICS LIMITED

Financial Statements for the 15 month Period ended 31 December 2021

Contents

	Page(s)
Officers and professional advisers	3
Directors' report	4-5
Independent auditors' report to members of Alvic Plastics Limited	6-9
Profit and loss account	10
Balance sheet	11
Statement of changes in equity	12
Accounting policies	13-16
Notes to the financial statements	17-24

ALVIC PLASTICS LIMITED

Financial Statements for the 15 month Period ended 31 December 2021

Officers and professional advisers

Company registration number	10270423
Registered office	Unit 5 Harcourt Trading Estate Halesfield 13 Telford Shropshire TF7 4PL
Directors	A G Milne M J Faulkner A Ghattaura
Bankers	The Royal Bank of Scotland plc 6-8 George Street Edinburgh EH2 2PF
Solicitors	Burges Salmon LLP Atria One 144 Morrison Street Edinburgh EH3 8EX
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Atria One 144 Morrison Street Edinburgh EH3 8EX

ALVIC PLASTICS LIMITED

Financial Statements for the 15 month Period ended 31 December 2021

Directors' report

The directors present their report and the audited financial statements of the company for the 15 month period ended 31 December 2021, prepared under FRS 102. The company registered number is 10270423. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and therefore the company has not prepared a strategic report.

Principal activities and business review

The principal activity of the company continued during the period to be the manufacture and sale of wood/plastic composite products in the UK, with operations based in Telford.

The accounting period for these statements is for the 15 months to 31 December 2021. The prior period is for the 18 months ended 30 September 2020. The 18 month period to 30 September 2020 were unaudited.

Key performance indicators ("KPIs")

The directors are of the opinion that, whereas KPIs are used extensively across the business on a day to day basis, analysis using KPIs in the financial statements is not necessary for an understanding of the development, performance or position of the business.

Research and development

We continue to invest in processing efficiency and new products in order to better serve existing and new markets. The directors regard the investment in research and development as integral to the continuing success of the business and ensuring we provide our customers with good quality innovative products and services.

Future Outlook

2021/22 is forecast to be a further year of growth as the company's range of wood/plastic composite products continues to penetrate the market.

The result for the financial period amounted to a loss of £11,000 (for the 18 month period ended 30 September 2020: loss of £3,632,000) for the financial period. No dividend was paid or final dividend recommended to be paid in the period (for the 18 month period ended 30 September 2020: nil).

Up to February 2021, BSW Timber owned 20% of the equity in Alvic Plastics Limited. In February 2021 this was increased to 75%. Although operational and commercial challenges still exist, improvement in performance is evident and BSW Timber Limited continues to support Alvic Plastics Limited.

Going Concern

The company has net liabilities of £2,479,000 at 31 December 2021 (30 September 2020: £4,215,000). The Directors who have reviewed the forecasts and the relevant sensitivities, consider that the Company will be capable of operating within its own resources in the near future. Until that point is reached the Company retains the financial support of BSW Timber Ltd to continue trading as a going concern.

Directors

The directors of the company who held office during the period and up to the date of this report are listed on page 3.

Financial risk management objectives and policies

The company's operations expose it to a variety of financial risks that include the effects of changes in the debt market prices, credit risk, liquidity risk and interest rate risk. The company has a risk management programme that seeks to limit the adverse effects of the financial performance of the company by monitoring the level of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

ALVIC PLASTICS LIMITED

Financial Statements for the 15 month Period ended 31 December 2021

Directors' report (continued)

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company and group are considered to relate to the demand for wood/plastic composite products and the price and quality of raw material as well as their consistent flow.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

Disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved, that:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at a future Board Meeting.

Approved on behalf of the board



A G Milne

Director

15 July 2022

Independent auditors' report to the members of Alvic Plastics Limited

Report on the audit of the financial statements

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph below, Alvic Plastics Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the 15 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Balance Sheet as at 31 December 2021; Profit and Loss account and Statement of changes of equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for qualified opinion

Insufficient audit evidence was available in relation to the opening balance sheet regarding the opening inventory balance at 30 September 2020 and the historical cost of the tangible assets that existed at this date. This was due to the fact that the previous period was not audited and we were unable to satisfy ourselves by alternative audit procedures in relation to the inventory quantities held as at 30 September 2020, nor that historical cost of tangible assets were recognised at the appropriate value. The value of inventory and net book value of tangible assets included in the balance sheet at 30 September 2020 were material (£432,000 and £2,175,000 respectively). Consequently we were unable to determine whether any adjustment to these amounts may be required at 30 September 2020 or to cost of sales and depreciation charge for the 15 month period ended 31 December 2021. In addition were any adjustment to the income statement for the 15 month period ended 31 December 2021 required as a result of this matter, the narrative reporting in the Directors' Report would also need to be adjusted.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

ALVIC PLASTICS LIMITED

Financial Statements for the 15 month Period ended 31 December 2021

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the period ended 31 December 2021 is consistent with the financial statements and, except for the possible effects of the matter referred to in the Basis for qualified opinion section above, has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, except for the possible effects of the matter referred to in the Basis for qualified opinion section above, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results, and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

ALVIC PLASTICS LIMITED

Financial Statements for the 15 month Period ended 31 December 2021

- Enquiries of management around known or suspected instances of non-compliance with laws and regulations, claims, litigation, and instances of fraud;
- Understanding of management's controls designed to prevent and detect irregularities;
- Review of minutes of meetings of the Directors;
- Challenging assumptions made by management in its significant accounting estimates;
- Identifying and testing journal entries to assess whether any of the journals appeared unusual or posed a higher fraud risk; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

In respect solely of the limitation on our work relating to tangible assets, inventory, cost of sales and depreciation, described in the Basis for qualified opinion paragraph above:

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

Under the Companies Act 2006 we are also required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

ALVIC PLASTICS LIMITED

Financial Statements for the 15 month period ended 31 December 2021

Other matter

The financial statements for the 18 month period ended 30 September 2020, forming the corresponding figures of the financial statements for the period ended 31 December 2021, are unaudited.

Paul Cheshire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
15 July 2022

ALVIC PLASTICS LIMITED

Financial Statements for the 15 month period ended 31 December 2021

Profit and loss account for the 15 month period ended 31 December 2021

	Note	15 months to December 2021 £'000	Unaudited 18 months to September 2020 £'000
Turnover	1	6,954	6,051
Cost of sales		(6,236)	(8,098)
Gross profit / (loss)		718	(2,047)
Distribution costs		(157)	(169)
Administrative expenses		(958)	(1,124)
Other Operating income		60	-
Operating loss	2	(337)	(3,340)
Interest payable and similar expenses	5	(125)	(292)
Loss before taxation		(462)	(3,632)
Tax on loss	6	451	-
Loss for the financial period		(11)	(3,632)

All operations are continuing.

There has been no other comprehensive income or expense in the current or prior period.

ALVIC PLASTICS LIMITED

Financial Statements for the 15 month period ended 31 December 2021

Balance Sheet as at 31 December 2021

		31 December 2021 £'000	Unaudited 30 September 2020 £'000
	Note		
Fixed assets			
Tangible assets	7	<u>2,175</u>	<u>2,076</u>
Current assets			
Stocks	8	470	432
Debtors	9	610	285
Cash at bank and in hand		<u>301</u>	<u>268</u>
		1,381	985
Creditors: amounts falling due within one year	10	<u>(5,816)</u>	<u>(6,013)</u>
Net current liabilities		<u>(4,435)</u>	<u>(5,028)</u>
Total assets less current liabilities		(2,260)	(2,952)
Creditors : amounts falling due after more than one year	11	<u>(7)</u> <u>(2,267)</u>	<u>(1,256)</u> <u>(4,208)</u>
Provisions for liabilities			
Deferred tax	12	(212)	(7)
Net liabilities		<u>(2,479)</u>	<u>(4,215)</u>
Capital and reserves			
Called up share capital	15	1,183	1,183
Share Premium	15	1,747	-
Retained earnings		(5,409)	(5,398)
Total equity		<u>(2,479)</u>	<u>(4,215)</u>

The financial statements on pages 10 to 24 were approved by the board of directors on 15 July 2022 and were signed on its behalf by:



A G Milne
Director
15 July 2022

ALVIC PLASTICS LIMITED

Financial Statements for the 15 month period ended 31 December 2021

Statement of changes in equity for the period ended 31 December 2021

	Called up share capital £'000	Share Premium £'000	Accumulated losses £'000	Total equity £'000
Balance as at 1 April 2019	1,183	-	(1,766)	(583)
Loss for the period	-	-	(3,632)	(3,632)
Balance as 30 September 2020, unaudited	1,183	-	(5,398)	(4,215)
Balance as at 1 October 2020	1,183	-	(5,398)	(4,215)
Loss for the period	-	-	(11)	(11)
Movement in Share Capital	-	1,747	-	1,747
Balance as at 31 December 2021	1183	1,747	(5,409)	(2,479)

ALVIC PLASTICS LIMITED

Financial Statements for the 15 month period ended 31 December 2021

Accounting policies

Basis of Preparation

These financial statements are prepared on the going concern basis, under the historic cost convention and in compliance with applicable accounting standards in the United Kingdom, including Financial Reporting Standard 102 and the Companies Act 2006. The company is a private company limited by shares and registered and incorporated in Scotland. The principal accounting policies which have been applied consistently throughout the period are set out below.

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the immediate parent company BSW Timber Ltd. The directors note that the Company has net liabilities at the balance sheet date but have received confirmation that BSW Timber Ltd will support the company for at least one year after these financial statements are signed to enable to meet its liabilities as they fall due.

Cash flow statement

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, BSW Timber Ltd, includes the company's cash flows in its own consolidated financial statements.

Turnover

The turnover in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. Turnover is recognised at the point when goods are delivered to the customer.

Tangible assets

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery - 6 to 10% straight line

Assets in Construction are not depreciated

Tangible assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Finance costs on fixed asset additions are capitalised during the period of construction and written off as part of the total cost. No depreciation is charged during the period of construction.

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost includes transport and handling costs; in the case of manufactured products cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which the stocks can be sold in the normal course of business after allowing for the cost of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made for obsolete, slow moving and defective stocks.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

ALVIC PLASTICS LIMITED

Financial Statements for the 15 month period ended 31 December 2021

Accounting policies (continued)

Lease and hire purchase commitments

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

Defined contribution pension scheme

The company operates a defined contribution pension scheme on behalf of certain employees of the company. The assets are held separately from those of the company in independently administered funds. Payments made to the scheme are charged annually in the financial statements and comprise current service contributions.

Current taxation

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The charge for taxation is based on the profit for the 15 month period as adjusted for disallowable items.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Recognition and measurement of financial instruments

In respect of the recognition and measurement of financial instruments the company is applying section 11 and 12 of FRS102.

(i) Financial Assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price 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.

Such assets are subsequently carried at amortised cost using the effective interest method where applicable.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present

ALVIC PLASTICS LIMITED

Financial Statements for the 15 month period ended 31 December 2021

Accounting policies (continued)

Recognition and measurement of financial instruments (continued)

value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

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 the income statement.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (iii) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial Liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financial transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The company does not hold or issue derivative financial instruments.

(iii) Offsetting

Financial assets and liabilities are offset and the net amount presented in the financial statements where there is a legal 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.

Key accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a material impact on the carrying amounts of assets and liabilities are addressed below.

(i) Stock valuation

The company manufactures and sells wood/plastic composite products and is subject to changing cost base and consumer demands. As a result it is necessary to consider the cost of production and associated provisioning required. When calculating the valuation, management considers the nature and condition of the inventory, as well as applying assumptions around future usage of raw materials and anticipated saleability of finished goods. See note 8 for the net carrying amount of the stock.

ALVIC PLASTICS LIMITED

Financial Statements for the 15 month period ended 31 December 2021

Accounting policies (continued)

Key accounting estimates and assumptions (continued)

(ii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 9 for the net carrying amount of the debtors.

ALVIC PLASTICS LIMITED

Financial Statements for the 15 month period ended 31 December 2021

Notes to the financial statements

1 Turnover

Turnover and loss is attributable to the one principal activity of the company. The geographical analysis of turnover is as follows:

	15 month period to 31 December 2021 £'000	Unaudited 18 month period to 30 September 2020 £'000
Turnover		
Europe	29	44
United Kingdom	6,161	5,409
Rest of the world	764	598
	<u>6,954</u>	<u>6,051</u>

2 Operating loss

	15 month period to 31 December 2021 £'000	Unaudited 18 month period to 30 September 2020 £'000
Operating loss is stated after charging		
Depreciation on owned fixed assets	343	430
Depreciation on leased assets	9	-
Operating lease costs:		
Plant and equipment	-	57
Land and buildings	<u>206</u>	<u>219</u>

Company audit fees of £9,000 (2020: £Nil) were paid by the immediate parent entity, BSW Timber Limited.

ALVIC PLASTICS LIMITED

Financial Statements for the 15 month period ended 31 December 2021

Notes to the financial statements (continued)**3 Employee information**

The monthly average number of staff employed by the company during the financial year amounted to

	15 month period to 31 December 2021	Unaudited 18 month period to 30 September 2020
	No	No
Number of production staff	22	31
Number of administrative staff	6	4
	28	35

	15 month period to 31 December 2021	Unaudited 18 month period to 30 September 2020
	£'000	£'000
Aggregate payroll costs of the above are;		
Wages and salaries	1,192	1,456
Social security costs	120	133
Other pension costs	30	23
	1,342	1,612

4 Directors Emoluments

Some of the directors did not receive any remuneration from the company during the period (18 month period ended 30 September 2020:£nil). They are paid by BSW Timber Limited or its subsidiaries. The Directors consider it impractical to apportion their remuneration between the entities. Where applicable, the particulars of these directors emoluments can be seen in note 4 of the BSW Timber Limited financial statements.

The director that was remunerated by the company, deemed to be key management under FRS 102, was as follows:

	15 months to 31 December 2021	18 months to 30 September 2020
	£'000	£'000
Aggregate emoluments	157	230
Contributions to defined contribution pension scheme	5	12

ALVIC PLASTICS LIMITED

Financial Statements for the 15 month period ended 31 December 2021

Notes to the financial statements (continued)**5 Interest payable and similar expenses**

	15 months ended 31 December 2021 £'000	Unaudited 18 months ended 30 September 2020 £'000
Interest payable	<u>125</u>	<u>292</u>

6 Tax on loss

	15 months ended 31 December 2021 £'000	Unaudited 18 months ended 30 September 2020 £'000
(a) Analysis of credit in the period		
Current tax:		
UK Corporation tax based on the results for the period at 19% (2020: 19%)	(133)	-
Adjustment in respect of previous periods	<u>(522)</u>	<u>-</u>
Total current tax credit	(655)	-
Deferred tax:		
Origination and reversal of timing differences	92	-
Adjustments in respect of previous periods	61	-
Changes in tax rates or laws	<u>51</u>	<u>-</u>
Total deferred tax charge (note 12)	<u>204</u>	<u>-</u>
Tax on loss	<u>(451)</u>	<u>-</u>

(b) Reconciliation of tax credit

The tax assessed on the loss for the period is higher than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	15 months ended 31 December 2021 £'000	Unaudited 18 months ended 30 September 2020 £'000
Loss on ordinary activities before taxation	<u>(462)</u>	<u>(3,632)</u>
Loss on ordinary activities by rate of tax	(88)	(690)
Adjustments in respect of previous periods	62	-
Expenses not deductible	1	4
Effects of group relief/other reliefs	(10)	-
R&D credits	(522)	-
Deferred tax not provided	55	685
Re-measurement of deferred tax – change in UK tax rate	<u>51</u>	<u>-</u>
Total credit for the period (note 6(a))	<u>(451)</u>	<u>-</u>

ALVIC PLASTICS LIMITED

Financial Statements for the 15 month period ended 31 December 2021

Notes to the financial statements (continued)

6 Tax on loss (continued)

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. The Finance Act 2021, confirming the increase to Corporation tax, received Royal Assent on 10 June 2021 therefore the rate of 25% has been reflected in the measurement of deferred tax balances at the period end.

Under FRS 102 Section 1A for the 18 months to 30 September 2020, there was no requirement to disclose taxation.

7 Tangible assets

	<u>Plant and Machinery</u>	<u>Assets in course of construction</u>	<u>Total</u>
	£'000	£'000	£'000
Cost or valuation			
At 1st October 2020	2,752	109	2,861
Additions	180	286	466
Transfers from Group Company	(38)	-	(38)
At 31 December 2021	2,894	395	3,289
Accumulated Depreciation			
At 1 st October 2020	785	-	785
Charge for the period	343	-	343
Transfers from Group Company	(14)	-	(14)
At 31 December 2021	1,114	-	1,114
Net Book Value			
At 31 December 2021	1,780	395	2,175
At 30 September 2020	1,967	109	2,076

All assets are held at historical cost.

Included within the Plant and Machinery NBV of £1,780,000 is £7,000 relating to assets held under finance lease agreements (2020; total NBV £1,967,000 and £16,000). The depreciation charged to the financial statements in the period in respect of such assets amounted to 7,000 (2020: £11,000).

ALVIC PLASTICS LIMITED

Financial Statements for the 15 month period ended 31 December 2021

Notes to the financial statements (continued)**8 Stocks**

	At December 31, 2021	Unaudited, At September 30, 2020
	£'000	£'000
Raw Materials	459	423
Finished goods	1	1
Sundry stocks	10	8
	<u>470</u>	<u>432</u>

Stocks are stated after provision for impairment of £165,000 (2020 £258,000).

Stock of £40,000 are included in Cost of Goods sold.

9 Debtors

	At December 31, 2021	Unaudited, At September 30, 2020
	£'000	£'000
Trade debtors	305	199
Corporation tax	60	-
Group relief debtor	133	-
Amounts owed by group undertakings	51	47
Prepayments and accrued income	61	39
	<u>610</u>	<u>285</u>

Amounts owed by associated companies are unsecured, bear no interest and are repayable on demand.

10 Creditors: amounts falling due within one year

	At December 31, 2021	Unaudited, At September 30, 2020
	£'000	£'000
Short term loans	-	4,622
Finance lease obligations	-	20
Amounts owed to group undertakings	5,158	-
Trade creditors	263	1,067
Taxation and social security	122	40
Accruals and deferred income	173	107
Other creditors	100	157
	<u>5,816</u>	<u>6,013</u>

From 18 February 2021 short term loan became non interest bearing at the acquisition of Alvic Plastics Limited by BSW Timber Limited. Prior to this date the interest rate payable over the term of the loan is 1.75% over BoE base interest rate.

ALVIC PLASTICS LTD

Financial Statements for the 18 month period ended 31 December 2021

Notes to the financial statements (continued)**11 Creditors: amounts falling due more than one year**

	At 31 December 2021 £'000	Unaudited, At 30 September 2020 £'000
Hire purchase contracts	7	18
Directors' loan account	-	1,238
	<u>7</u>	<u>1,256</u>

From 18 February 2021 short term loan became non interest bearing at the acquisition of Alvic Plastics Limited by BSW Timber Limited. Prior to this date the interest rate payable over the term of the loan is 1.75% over BoE base interest rate.

12 Provisions for liabilities

The movement in the deferred taxation liability during the period was:

	At 31 December 2021 £'000	Unaudited, At 30 September 2020 £'000
Provision brought forward	8	8
Adjustment in respect of prior years	62	-
Profit and loss account movement arising during the period	142	-
Provision carried forward	<u>212</u>	<u>8</u>

The deferred taxation liability consists of the tax effect of timing differences in respect of:

	At 31 December 2021 £'000	Unaudited, At 30 September 2020 £'000
Excess of taxation allowances over depreciation on fixed assets	222	15
Short term timing difference	<u>(10)</u>	<u>(7)</u>

Under FRS 102 Section 1A for the 18 months to 30 September 2020, there was no requirement to disclose taxation. Losses not recognised for deferred tax at 31 December 2021 were £1,087,000.

ALVIC PLASTICS LTD

Financial Statements for the 18 month period ended 31 December 2021

Notes to the financial statements (continued)

13 Capital commitments

The company has future capital commitments in respect of plant and machinery which have been contracted for, but not provided, amounting to £482,000 (2020: £Nil).

14 Obligations under operating leases

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	At 31st December 2021 £'000	Unaudited, At 30th September 2020 £'000
Payments due:		
Not later than one year	217	164
Later than one year and not later than five years	868	658
Later than five years	513	545
	1,598	1,367

15 Called up share capital

Allotted, issued and fully paid:

	At 31 December 2021		Unaudited, At 30 September 2020	
	No	£	No	£
Ordinary shares of £1 each	1,182,910	1,182,910	1,182,910	1,182,910

As at 31 December 2021, BSW Timber Ltd owns 75% equity in Alvic Plastics Ltd, remainder owned by Al Ghattaura.

In February 2021, BSW Timber Limited increased its equity ownership in Alvic Plastics Limited from 20% to 75%.

The share premium value at 31 December 2021 of £1,747,000 (2020: £Nil) was generated from the capitalisation of shareholders during the current period.

16 Related Party Transactions

Sales in the period to Logical Contracting LLC were £806,000 (18 month period to 30 September 2020: £598,000) and BSW Sawmills Ltd £5,300,000 (18 month period to 30 September 2020: £5,264,000). Both are related parties.

ALVIC PLASTICS LTD

Financial Statements for the 18 month period ended 31 December 2021

Notes to the financial statements (continued)

17 Ultimate controlling party

The ultimate parent undertaking is West Moorland 101 Ltd, which is the parent undertaking of the largest group to consolidate these financial statements. The direct parent undertaking is BSW Timber Limited, which is the parent undertaking of the smallest group to consolidate these financial statements. The ultimate controlling parties of BSW Timber Ltd are Endless LLP (via Endless Fund IV A LP) by virtue of their majority shareholdings in West Moorland 101 Limited. Copies of the financial statements of BSW Timber Ltd and West Moorland 101 Limited are available from East End, Earlston, Berwickshire, TD4 6JA.

18 Post Balance Sheet Event

As of 5 January 2022, West Moorland 101 Ltd and subsidiaries, including 75% holding in Alvic Plastics Ltd, were acquired by Binderholz UK Holding GMBH wholly owned by Binder Beteiligungs AG.