

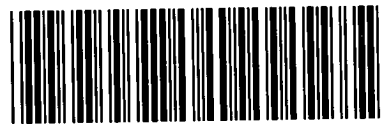
ALVIC PLASTICS LIMITED

ANNUAL REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

COMPANY REGISTERED NO: 10270423

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ALVIC PLASTICS LIMITED

Financial Statements for the Period ended 30 September 2020

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ALVIC PLASTICS LIMITED

Financial Statements for the Period ended 30 September 2020

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

ALVIC PLASTICS LIMITED

Financial Statements for the Period ended 30 September 2020

Directors' report

The directors present their report and the unaudited financial statements of the company for the period ended 30 September 2020, 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 year was 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 18 months to 30 September 2020. The prior period is for the 15 months ended 31st March 2019. Both are 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

2020/21 should be a year of growth as the company range of wood/plastic composite products penetrates the market.

The result for the financial year amounted to a loss of £3,632,000 for the financial period. No dividend was paid or final dividend recommended to be paid in the period (2019: nil).

As at September 30th 2020, 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.

Directors

The directors of the company who held office during the year 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.

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.

Covid 19 impacted operations during the first lockdown in March and April 2020. Market conditions returned to normal swiftly after restrictions were relaxed and operations have not been materially impacted thereafter.

Each area of the business has been evaluated to understand the potential difficulty that might arise and plans have been developed to mitigate the possible effect.

ALVIC PLASTICS LIMITED

Financial Statements for the Period ended 30 September 2020

Directors' report (continued)

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.

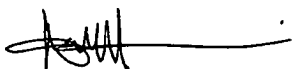
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

In the case of each director in office at the date the Directors' Report is approved:

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

APPROVED BY THE BOARD



A Ghataura

Director
29/6/21

ALVIC PLASTICS LIMITED

Financial Statements for the period ended 30 September 2020

Profit and loss account for the period ended 30 September 2020

	Note	Unaudited 18 months to September 2020 £'000	Unaudited 15 months to March 2019 £'000
Turnover	1	6,051	1,586
Cost of sales		(8,098)	(2,465)
Gross loss		(2,047)	(879)
Distribution costs		(169)	(133)
Administrative expenses		(1,124)	(469)
Operating loss	2	(3,340)	(1,481)
Interest payable and similar expenses		(292)	(29)
Loss before taxation		(3,632)	(1,510)
Tax on loss		-	(47)
Loss for the financial period		(3,632)	(1,557)

All operations are continuing.

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

ALVIC PLASTICS LIMITED

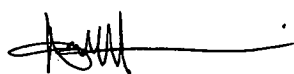
Financial Statements for the period ended 30 September 2020

Balance Sheet as at 30 September 2020

	Note	Unaudited 2020 £'000	Unaudited 2019 £'000
Fixed assets			
Tangible assets	5	<u>2,076</u>	<u>2,042</u>
Current assets			
Stocks	6	432	938
Debtors	7	285	572
Cash		<u>268</u>	<u>206</u>
		985	1,716
Creditors: amounts falling due within one year	8	<u>(6,013)</u>	<u>(3,122)</u>
Net current liabilities		<u>(5,028)</u>	<u>(1,406)</u>
Total assets less current liabilities		(2,952)	636
Creditors : amounts falling due after more than one year	9	<u>(1,256)</u>	<u>(1,212)</u>
Provisions for liabilities			
Deferred tax		(7)	(7)
Net liabilities		<u>(4,215)</u>	<u>(583)</u>
Capital and reserves			
Called up share capital	10	1,183	1,183
Other reserves		0	0
Retained earnings		(5,398)	(1,766)
Total equity		<u>(4,215)</u>	<u>(583)</u>

For the financial period in question the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies. No members have required the company to obtain an audit of its accounts for the period in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 6 to 14 were approved by the board of directors and were signed on its behalf by:



A Ghattaura
Director
29/6/21

ALVIC PLASTICS LIMITED

Financial Statements for the period ended 30 September 2020

Statement of changes in equity for the period ended 30 September 2020

	Called up share capital £'000	Accumulated losses £'000	Total equity £'000
Balance as at 1 January 2018	0	(209)	(209)
Loss for the period	0	(1,557)	(1,557)
Total comprehensive expense for the period	0	(1,557)	(1,557)
Shares issued	1,183	0	1,183
Balance as 31 March 2019	1,183	(1,766)	(583)
Balance as at 1 April 2019	1,183	(1,766)	(583)
Loss for the period	0	(3,632)	(3,632)
Total comprehensive expense for the period	0	(3,632)	(3,632)
Shares issued	0	0	0
Balance as at 30 September 2020	1,183	(5,398)	(4,215)

ALVIC PLASTICS LIMITED

Financial Statements for the period ended 30 September 2020

Accounting policies

Basis of Preparation

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities. Disclosures have been provided in addition to those set out to ensure a true and fair view is presented.

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

There remains uncertainty regarding the going concern status of the company due to on-going commercial challenges. Support from all shareholders is currently in place, as the business looks to re-structure and support required improvements in productivity.

Cash flow statement

Under FRS 102 Section 1A – small entities the company is not required to prepare a cashflow statement.

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
Motor vehicles	-	10 to 25% straight line
Computer equipment	-	33 to 50% straight line

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 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 period ended 30 September 2020

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.

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.

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 6 for the net carrying amount of the stock.

(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 7 for the net carrying amount of the debtors.

ALVIC PLASTICS LIMITED

Financial Statements for the period ended 30 September 2020

Notes to the financial statements**1 Turnover**

Turnover and loss is attributable to the one principal activity of the company.

	Period to 30 September 2020 £'000	15 month period to 31 March 2019 £'000
Turnover		
Europe	44	-
United Kingdom	5,409	1,586
Rest of the world	598	-
	<u>6,051</u>	<u>1,586</u>

2 Operating loss

	Period to 30 September 2020 £'000	15 months to 31 March 2019 £'000
Operating loss is stated after charging		
Depreciation of owned fixed assets	430	182
Operating lease costs:		
Plant and equipment	57	25
Land and buildings	219	92
	<u>219</u>	<u>92</u>

3 Particulars of employees

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

	Period to 30 September 2020 No	15 months to 31 March 2019 No
Number of production staff	31	18
Number of administrative staff	4	4
	<u>35</u>	<u>22</u>
Aggregate payroll costs of the above are;	£'000	£'000
Wages and salaries	1,456	669
Social security costs	133	65
Other pension costs	23	5
	<u>1,612</u>	<u>739</u>

Notes to the financial statements (continued)

4 Directors Emoluments

Director's remuneration has been concluded under normal market conditions, therefore, under Section 1A of FRS 102 (paragraph 1AC 35) the Company will take advantage of the exemption to disclose.

5 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 April 2019	2,290	109	2,398
Additions	463	-	463
At 30 September 2020	2,752	109	2,861
Accumulated Depreciation			
At 1 st April 2019	356	0	356
Charge for the period	429	0	429
At 30 September 2020	785	0	785
Net Book Value			
At 30 September 2020	1,967	109	2,076
At 31 st March 2019	1,933	109	2,042

All assets are held at historical cost.

ALVIC PLASTICS LIMITED

Financial Statements for the period ended 30 September 2020

Notes to the financial statements (continued)**6 Stocks**

	At September 30 th 2020	At March 31 st 2019
	£'000	£'000
Raw Materials	423	569
Work in Progress	-	-
Finished goods	1	368
Sundry stocks	8	1
	<u>432</u>	<u>938</u>

Stock is shown net of an impairment provision of £40,000.

7 Debtors

	At September 30 th 2020	2019
	£'000	£'000
Trade debtors	199	258
VAT	-	283
Amounts owed by associated companies	47	12
Prepayments and accrued income	39	19
	<u>285</u>	<u>572</u>

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

8 Creditors: amounts falling due within one year

	At September 30 th 2020	At March 31 st 2019
	£'000	£'000
Short term loans	4,622	1,764
Finance lease obligations	20	27
Trade creditors	1,067	890
PAYE and social security	40	10
Accruals	107	127
Other creditors	157	304
	<u>6,013</u>	<u>3,122</u>

A short-term loan with BSW Timber Limited has been undertaken at 1.75% over BoE base interest rate. It is repayable on demand.

ALVIC PLASTICS LTD

Financial Statements for the Period ended 30 September 2020

Notes to the financial statements (continued)**9 Creditors: amounts falling due more than one year**

	At March 31 st 2020 £'000	At 31st March 2019 £'000
Hire purchase contracts	18	-
Director's loan account	1,238	1,212
	<u>1,256</u>	<u>1,212</u>

The interest rate payable over the term of the loan is 1.75% over BoE base interest rate.

10 Called up share capital

Allotted, issued and fully paid:

	At 30 th September 2020		At 31st March 2019	
	No	£	No	£
Ordinary shares of £1 each	1,182,910	1,182,910	1,182,910	1,182,910

As at 30 September 2020, BSW Timber Ltd owns 20% equity in Alvic Plastics Ltd, remainder owned by Al Ghattaura.

11 Related Party Transactions

Sales in the period to Logical Contracting LLC were £598,000 (2019: £229,000) and BSW Sawmills Ltd £5,264,000 (2019: £1,133,000). Both are related parties.

12 Post balance sheet events

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