Engineering progress
Enhancing lives

Annual Report & Consolidated Financial Statements

For the year ended 31 December 2020

Registered number: 00722004

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COMPANY INFORMATION

DIRECTORS	M R Baker M J Hitchin S A Fonseca
COMPANY SECRETARY	C M S Esteves
REGISTERED NUMBER	00722004
REGISTERED OFFICE	Hill Court Walford Ross-on-Wye Herefordshire HR9 5QN
INDEPENDENT AUDITORS	Mazars LLP Two Chamberlain Square Birmingham B3 3AX

The directors present the Strategic Report of the Rehau Limited group (the "group") for the year ended 31 December 2020.

BUSINESS REVIEW

Group Operating Profit for the year was **£972,633** (2019: loss £4,386,200). Excluding exceptional items, operating profit would have exceeded £3.6million; this represents a significant turnaround from prior year. It demonstrates that the strategy followed by the Directors is proving successful and that profitability is progressing despite negative external factors of COIVD-19 and BREXIT.

REHAU Limited

REHAU Limited is part of the globally operating polymer processor REHAU.

The REHAU Group is a polymer specialist with annual sales of around EUR 3.3 billion. The independent, privately held company has approximately 20,000 employees at more than 170 locations worldwide and operating in more than 50 countries. For more than 70 years, REHAU has been working on making polymer products lighter, more comfortable, safer and more efficient. The company delivers market leading product, consulting and service innovations, supported by market specific know-how from four business units, Building Solutions, Furniture Solutions, Automotive and Industry.

The Building Solutions Division is focused on energy efficiency and delivers a huge range of solutions to the construction industry. It is a supplier of underfloor heating, heating and plumbing and a growing range of renewable energy and water management systems.

REHAU is one of the world's largest extruders of PVC-U window profile. The Windows Division offers a range of high-quality profiles for windows and doors in an array of colours, from flush fit windows in Chartwell Green to sliding doors in popular anthracite grey. Within the Division the RAULOOP initiative is focused on applying circular economy principles to meet environmental objectives.

Additionally, REHAU's Furniture Division aims to make modern designs easy offering innovative surface and edging technology.

In the UK and Ireland, the Company supplies a nationwide network of customers through regional sales offices in Dublin, Glasgow and Manchester and at the REHAU Hub, a dedicated facility at the Building Centre, London, showcasing products and services to clients and specifiers.

To succeed as a premium supplier it is necessary for REHAU Limited to not only to deliver a high quality product but also to add value by offering superior and consistent service levels supported by effective logistic solutions. These principles allow the Company to remain competitive in the market place.

REHAU Limited (Company)

The Company was affected by the COVID-19 pandemic, particularly during the second quarter. There was a short period during which production was suspended and circa 75% of employees were furloughed. The Company used the Government furlough payments to protect its' position through this period. The Company worked hard during the second quarter supporting its employees and Customers through a particularly uncertain time. Customer demand in the third quarter rose quickly as many of the Company's products are used in the home improvement sector where demand was particularly strong. Overall turnover in the second half of the year was up in excess of 16% on the equivalent prior period. Cost remained a key point of focus in the changing environment, margins were maintained and both factors helped all Divisions to report positive operational results for 2020.

REHAU has been very active in developing its' customer base. Building on its' own values of innovation and reliability have been crucial in a year affected by the pandemic. The winning of additional customer business not only helped in 2020, but will be an important part of ensuring future success building economies of scale within production.

In January 2019, the UK Senior Leadership team launched the 'Shaping our Future' five year vision and strategy to all colleagues. The purpose of this was to provide both a long-term vison and a set of strategic goals that form part of the KPI's for the prevailing five years to 2025. The restructuring elements of the plan were completed in late 2019 and the 2020 saw renewed focus on development activities.

Shaping our Future is about creating a sustainable, profitable and relevant REHAU UK for many years to come. Both our Vision and Strategy are ambitious, but we are on course to make our vision a reality. The Senior management communicated the fundamental development objectives to all employees during the first quarter of 2020.

Notwithstanding the impact of the Covid-19 pandemic the strategy has proved to be the right approach with operating profitability increasing versus prior years.

PVCR
The subsidiary PVCR is an essential part of the sustainable, recycling and Co-extrusion supply strategy for the Windows Division in the UK and is part of a wider strategic Group project. Using leading edge technology PVCR recycles both post-consumer and post-industrial materials, producing a chip product used as a substitute for virgin PVC compound in Plant Blaenau. This strategy is designed to support our own environmental sustainability credentials, preparing for potential legislation limiting the use of non-recycled plastic material and reducing our dependency on third parties for input materials.

Further to the relocation of PVCR at the end of 2019; significant additional investment has been made to refine processes, with increased reliability and budgeted output for 2020. PVCR suffered only minor disruption as a result on COVID-19 with the majority of output being sold to Group Companies.

The development and reliability of key processes at PVCR has taken longer than expected to stabilise. This resulted in lower than budgeted output volumes and therefore turnover for 2020. The effect of lower turnover means that PVCR remained significantly loss making for 2020. It is anticipated the business will see a significant improvement in operations during 2021 as further investment is planned to improve process stability and by implication turnover.

WAIVIS
WAIVIS is a vertically integrated business for the Group. It utilises components made at other REHAU sites and from these fabricates high quality products. The primary markets for its products are within shop fitting and kitchen furniture segments. This part of the business will now be looking to maximise its opportunities in other market areas as well as to grow is core product range.

WAIVIS was significantly affected by COVID-19 with demand in its biggest markets having fallen during the period of the pandemic. Turnover position for 2020 was down versus prior year and as a consequence WAIVIS recorded an operating loss for the year. Waivis has a low fixed cost base which means along with utilising the government furlough scheme losses were contained. Towards the end of 2020 monthly volumes had started to recover and expectation is that a more normal pattern of trading will follow in 2021 with a return to profitability; this had been originally planned in 2020 being driven from initiatives to broaden the market areas covered and drive up turnover.

How the Board has complied with its Section 172 duty

The Board welcomes the new reporting requirement as an opportunity to explain how dialogue with stakeholders has informed and helped to shape its decisions.

The UK Directors and Senior Management team are responsible for the operational activities within the UK and Ireland, The Global Group is managed by Divisional Leaders and together with the Global Executive Board hold the ultimate responsibility for strategic direction and decision-making.

The UK Board engaged with the Senior Management team to develop the company's five year vision and strategic goals that are all aligned to the global vision & strategy of the group. This was supported by extensive dialogue with the wider leadership team, employees and other stakeholders.

Through working collaboratively with management and listening to feedback from the Company's many stakeholders, the Board and the Senior Management team believe that Rehau Limited is well positioned to respond to any further uncertainty seen in 2021 arising from the COVID-19 pandemic or BREXIT.

Stakeholder Engagement

External Stakeholders
REHAU Limited is committed to creating a diverse and inclusive environment for all those with whom it works. As such, it recognises the importance of maintaining strong relationships with its stakeholders in order to create

sustainable long-term value. The Directors team encourages active dialogue and transparency with all its stakeholder groups.
The Company has identified five principal external stakeholder groups:

- Direct B2B customers i.e. window fabricators, merchants and mechanical & electrical contractors
- Indirect B2B customers i.e. Architects, Specifiers and Installers
- Indirect B2C customers i.e. Homeowners
- Trade & Consumer press and Trade Associations
- The local communities in which we trade.

Colleagues from across the business maintain regular communication with all the principle stakeholder groups and the Company is further supported by two retained external specialist communications partners.

EMPLOYEE ENGAGEMENT

The Group approach to Employee Engagement in the workplace is to ensure that employees are committed to the organisation's goals and values, and are motivated to contribute to the organisational success and are able, at the same time, to enhance their own sense of well-being.

The company rewards its employees based on technical competence and performance with schemes in place to recognise achievement in these areas. Additionally the Company has commenced the roll–out of an Integrated Performance and Talent Management (IPTM) programme. IPTM has clear goals that are aligned to both the global and local vision and strategies. This is designed to further build and develop leadership competences and provide opportunity for enhanced recognition for employees.

The Directors & Senior Management conducted regular Leadership workshops to review the local vision and strategy for the UK business. This complements quarterly employee briefings held by the Group where important topics including Group vision, strategy and performance are presented; in addition, there is also an opportunity for employees to ask questions of the Directors & Senior Management team. A monthly Newsletter is published and issued to all employees, which contains a business update, news, long service awards and activities within the organisation.

The UK Group conducts two Pulse Surveys a year to gauge employee engagement and have launched a new more informative and engaging intranet. To ensure neutrality, we conduct regular round table meetings with other members of the Global Group Senior Management from outside of the UK operation and offer a confidential email question line to the UK Directors & Senior Management.

The Directors and Senior Management recognised the likely impact of the COVID-19 pandemic on employees as well as the business. The priorities were set on an employee's first basis, with significant effort invested to ensure the wellbeing of all employees. Clear communication explanation regarding Furlough was given to affected staff and there were regular employee calls to keep those working fully informed about the Company approach and business impact. The Company ensured that the necessary infrastructure was in place to allow home working where applicable, clear direction and measures were taken at all open sites to minimise the risk to employees and any necessary visitors.

DISABLED EMPLOYEES

The organisation recognises that it has clear obligations towards all its employees and the community at large to ensure that people with disabilities are afforded equal opportunities to enter employment and progress within the organisation. In addition to complying with the requirements of the Equality Act 2010, the organisation will follow procedures designed to provide for fair consideration and selection of disabled applicants and to satisfy their training and career development needs. Applications for employment by disabled persons will always be fully considered, bearing in mind the aptitudes of the applicant concerned. If an employee becomes disabled in the course of their employment, reasonable steps will be taken to accommodate their disability by considering adjustments to working practices and arrangements, or by considering redeployment and appropriate retraining to enable them to remain in employment with the organisation wherever reasonably possible. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

PRINCIPAL RISKS AND UNCERTAINTIES

A full risk management process is embedded within this Company, major risks are identified, and a series of measures created to combat the identified risk and mitigate potential losses in the future. The major risks and uncertainties for this Company are:

REHAU Limited & WAIVIS

Increased Raw Material and Utility prices that cannot be recovered from the customers.
The Group has a dedicated purchasing organisation that pro-actively seeks out best prices on input materials. The purchasing power of the worldwide Group enables materials to be sourced at competitive prices. The purchasing organisation also has the ability to make contracts with key suppliers to ensure price, quality and service demands are met,

Reduced Government spending on infrastructure projects
A core value of the REHAU organisation is innovation. The Company offers a diverse product range managed by four separate Divisions. This diversification in products, customers and markets protects the Company from downturns arising in any specific sector. As a Group there is a strong product development function ensuring product offerings remain current to market need.

UK currency fluctuations
Any Company using commodities or importing input materials or finished products is subject to currency fluctuations. Where possible purchases, settlement and agreements are made in pound sterling thereby reducing the risk. Where appropriate Customer contracts can including pricing clauses based around the price of key input materials.

Increased pension commitments
The defined benefit pension scheme is closed to future accrual therefore limiting future increases in liability. The Scheme Trustees alongside the Company utilise expert advice to ensure the scheme assets are managed in an effective way. The Company has a very constructive dialogue with the Scheme Trustees, and is committed to making good its obligations to members of the scheme whilst ensuring cash flows represent a balance on all stakeholder needs. The company pro-actively engages with all the trustees and company representatives attend the Trustee meetings.

PVCR

This company follows the standard REHAU risk management methodology, whereby risks and mitigating measures are assessed on a routine basis. Given the nature of the operation COVID-19 is not considered a significant risk for PVCR.

Increased Raw material prices.
PVCR raw materials are PVC waste streams from window installation and manufacture. This is different to many commodities but pricing and availability are still market driven. As the demand for products containing recycled materials increases so does the competition for the input material from those waste streams. PVCR seeks to develop a supplier base that is reliable but also with flexibility so it can manage its material inflows in an organised and price consistent manner.

Process stability
The input material for PVCR is from waste streams. This means there is feedstock variability that demands robustness in the processing technologies. Invariably this harsh input material will lead to ad-hoc machine failure. This is mitigated by working with suppliers to improve feedstock quality, process design to remove contamination at an early stage and strong maintenance schedules. The site development and new process design were assisted by key specialists from the Groups technical team. With the significant investments and expert knowledge applied there is an anticipated staged increase in output volumes through 2021.

Effect of COVID-19 on short, medium and long-term sales demand

In respect of COVID-19, the Directors took measures to protect the Group's longer-term financial position. This includes taking advantage of the Government backed "Furlough Scheme" and carefully managing its' cash flows through the expected downturn. In the short term, the Group saw a significant downturn in turnover followed by a strong recovery in volumes progressing through Q3 and Q4.

The Directors undertook detailed scenario planning and developed plans to support itself and its Customers during the difficult trading period. The Group varying scenarios allowed the Group to adapt its' plans to maximise the opportunities when trading returned to more normal patterns. Financially the approach has so far proved successful with Group operating profitably ahead of budgets set before the pandemic situation arose.

The Directors and Senior Management Team have also adopted an "employee first" approach to dealing with the COVID-19 situation. This involves ensuring all sites remain COVID compliant with all necessary sanitation and distancing measures being rigorously maintained. There have been very frequent reviews to establish Furlough status and ensure that employees return based on business need. Communication has been open and clear taking the form of regular briefing by video link and employees newsletters.

BREXIT

In June 2016, the UK voted to leave the European Union (EU), and following the official withdrawal from the EU on 31st January 2020. The Group's overall approach is multi-layered and co-ordinated in a structured way through a BREXIT committee. This comprises of experts from across the business coming together to find good solutions and effective ways to mitigate risk.

The first and most significant need is to ensure surety of supply to Customers. There is an expectation of uninterrupted customer supply, with current high service levels being maintained. The Company completed full supplier evaluations looking at their ability for supply and as necessary identifying new sourcing from the domestic marketplace. Where appropriate a small contingent stock build took place to minimise the risk in disruption of supply through the transition period.

The Company also considers that BREXIT may have an impact on future margins. This risk has been assessed on a Companywide and Divisional basis and necessary measures have been put in place. A full review of customs processes and the company's preparedness took place during 2020, with additional personnel have been recruited and new customs agents appointed.

As the final trade deal was finalised over the 2020 Christmas Holiday period our team worked hard to ensure the systems, process and software changes were made to ensure a smooth operation to our reopening in the New Year.

The Company welcomes the tariff free deal that has been agreed as it relies both on own produced goods but also raw materials and products from other Group Companies across Europe.

The Company did experience some supply short-term disruption in the early weeks of 2021, mainly through lack of familiarity with the new rules and obligations from logistics partners. This has been managed through the respective business teams, with communication into customers remaining paramount. BREXIT related topics remain under review and improvements will continue to be made but the vast majority of issues encountered have been resolved in good time without significant business disruption.

Overall, the REHAU business depends on a combination of Government and consumer spending and in times of stringent financial retrenchment and in the environment post BREXIT & COVID there will always be some uncertainty as to future growth.

FUTURE DEVELOPMENTS

REHAU Limited

In the main parts of the business, a policy of continuous improvement is being applied to current and future designs, to provide high quality and efficient windows systems that significantly exceed thermal efficiency regulations.

Further development in sustainable products and technologies are planned. This will build upon past success seen in the geothermal solutions. Increased weighting is now been placed on new digital technologies and how these can be incorporated into the service offering and delivering both new products and a better customer experience.

Referring to the “Shaping our Future” initiative the Company has a well mapped path for achieving further sales growth through innovation and delivering first class customer service. This growth will affect improved profitability enhancing the ability to invest further for future growth.

Whilst the long-term macro-economic effects from COVID are difficult to assess; the Company has a broad product portfolio serving construction and manufacturing sectors which are positioned to provide diversification protection and growth in the medium term. BREXIT provides short term challenges for the Company’s supply chain, but the tariff free environment allows supply from the Company’s sister business in continental Europe to flow freely and without tariffs. These products continue to supplement the UK manufactured goods sold by the Company without risk to margins or disruptions to end customers.

PVCR

PVCR is an essential part of the Groups long-term sustainability strategy. There is a clear direction that the Company will obtain an increased proportion of the Groups material needs with recycled material. The Company will continue to invest to meet all of its business and environmental obligations. At the end of 2019 the business moved site and has invested heavily in new technology and capacity. There have been modest gain in turnover arising from this investment and future investment is planned for 2021. The business remained loss making in 2020 however with a stabilised production process a breakeven position should be reached during 2021.

PVCR is assessed not to be significantly affected by BREXIT or COVID-19.

WAIVIS

The main emphasis for this company in 2021 post COVID-19 and beyond is to both attract new and develop existing customers’ for its wide range of fabricated solutions. Emphasis is being placed on adding new options to meet customer’s needs to source more of their requirements from one supplier so that they shorten their supply chain. This expansion in customer base is important as COVID-19 has affected some important market like shop-fitting therefore a broad base of customers in different market segments will help protect business revenues.

Waivis is expected to return to profitability in 2021 arising from recovery of the existing customer base and addition of new business. Many of WAIVIS’ input materials are purchased from Europe, so the tariff free trade deal arising from BREXIT is welcome. It is expected that WAIVIS will continue to trade unhindered by the change in trading relationship with Europe.

STRATEGY

To the REHAU UK Group, customer service is a key strength of the REHAU offering with special emphasis being placed on supporting customers directly in growing and developing their business. A partnership approach is taken that allows both parties to benefit from increased market share.

In addition to this, the product range is being refined and expanded to meet the construction market’s demand for total solutions for its customers. For example, the Group through its various Divisions does provide a full range of products to the construction & manufacturing industries encompassing window products, pre-insulated pipe, domestic and commercial products, electrical distribution and geothermal energy solutions.

REHAU actively train their end customers through in house training courses and potential specifiers through CPD seminars. During 2020 the impact of the pandemic meant that opportunities to hold physical meetings with customers reduced and the business has adapted and increased its use of technology platforms to ensure customer contact and engagement is maintained.

RESEARCH AND DEVELOPMENT

The REHAU UK group's policy is one of constant improvement. Quality is of great importance and refinements are made to products on a regular basis to support this. It is our stated intention to provide the best product available to our customers so we canvass the customer's views and wherever possible incorporate those into improved products. Product development is supported by the REHAU worldwide Group where there is very significant engineering and product expertise. There are currently no significant R&D activities performed within the UK.

KEY PERFORMANCE INDICATORS

To assist in the measurement and development of the business several key performance indicators by product range are reviewed by the directors on a regular basis:

Group	**2020**	2019
Gross Margin	**29.3%**	23.7%
Operating Profit/(Loss)	**972,633**	(4,386,200)
Free Cash Flow	**4,347,911**	(260,287)

Company	**2020**	2019
Quantity Observance	**89.6%**	95.3%
Time Observance	**81.3%**	91.4%

These two metrics illustrate the value that REHAU Limited places on delivering a first class service to its Customers. The reduction in both the 'Time & Quantity Observance' metrics is being driven by the very high demand in the market and constraints on raw material supply; both these factors have reduced product availability in certain areas.

The Group has KPI's for employee fluctuation based on employee retention and Health & Safety training. Continuous improvement remains a key focus.

The Group is committed to meet its duty to protect the environment and minimise the impact that our processes have on the locales in which we operate. The Group is committed to continuous improvement of its environmental performance and to the overall sustainability of its operations and products.

This report was approved by the board on 6th July 2021 and signed on its behalf by:

M J Hitchin
Director

The directors present their annual report and the audited consolidated financial statements for REHAU Limited group (the "Group") and REHAU Limited (the "Company") for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Group provides a wide range of polymer based products to its customers primarily in the building and construction sectors but also in the industrial sectors of furniture and industrial applications.

The Group is part of an international group of REHAU companies operating throughout the world.

The Group consists of three companies;
REHAU Limited sells a wide range of polymer based products and other support products to the construction, transportation and industrial business sectors. It manufactures many of these products in the UK but also imports further products produced by other REHAU companies in the world wide group. Third party products are also supplied to its customers.

WAIVIS makes and sells fabricated products manufactured from REHAU Limited materials and third party supplied materials.

PVCR is a processor of post-consumer PVC waste. It takes scrap PVC products and through a series of processes cleans and converts this into PVC chip material that can be subsequently used by extruders of PVC goods.

Employee and other stakeholder engagement is further explained within the Strategic Report.

RESULTS AND DIVIDENDS

The loss after tax for the financial year amounted to £400,557 (2019 loss; £5,569,939).

The directors do not recommend the payment of a dividend (2019; £Nil).

GOING CONCERN

The UK Group, incorporating REHAU Limited, WAIVIS and PVCR, finished 2020 showing a net liability situation in the balance sheet. This has arisen over time through the increases in the defined benefit pension scheme deficit, the decision to restructure the business in early 2019 and the one time effects of financial asset impairments. The additional pressures brought by the COVID-19 pandemic has meant that the Directors have had to pay specific attention to the financial management within the business.

Group Operating Profit for the year was **£972,633** (2019: loss £4,386,200). Excluding exceptional items arising from provisions for doubtful debt, operating profit would have exceeded £3.6million; this represents a significant turnaround from prior year.

Net current assets remain positive at **£9,484,525** (2019: £10,831,978) and with a cash balance of **£3,078,154** (2019: £147,077) this provides confidence that there are no short term cash risks. In addition, the prior year overdraft of £1,416,834 has been cleared and short term funding owed to the Parent Company has reduced by £2,000,000 through 2020.

The restructure of 2019 has helped, having a reduced underlying cost base and having the right structures in place to quickly respond to difficult circumstances. The Company took advantage of the Government Furlough scheme at the height if the lockdown. Rigorous scenario planning supported by effective measures were established to ensure the COVID situation did not damage the long-term prospects of the Company. The worldwide REHAU Group has also taken significant actions in managing the Global risk and providing expert support where required.

Current modelling indicates that overall cash reserves with the UK businesses will grow during 2021. The Global REHAU Group is fully committed to the UK business and sees its success as an important contributor to that of the Group. If circumstances require it there are set processes within the Global Group to allow national entities to request additional internal funding.

The UK Group Directors do not believe there is a risk to the going concern status of the UK Group.

The Company, REHAU Limited’s strong reputation for reliability has assisted it coming out of lockdown. The Company has seen a strong demand for its products and has won new business during 2020. This places the Company in a good position for 2021 with plans to invest in additional production capacity being made in order to meet the new levels of demand. Projections for 2021 are positive with an improved cash and profitability position expected, quarter one performance is ahead of budget expectations.

REHAU Limited remains the main profit and cash generative entity within the UK with PVCR and WAIVIS not expected to make positive cash contributions until 2022. In isolation in respect of REHAU Limited, as described above, the Directors believe there is no risk to going concern status of REHAU Limited.

REHAU Limited is committed to making good the defined benefit pension scheme liability. The cash flows arising from this, according to the agreed recovery plan, are included within all cash planning. Any necessary funding from REHAU Limited to its subsidiaries WAIVIS and PVCR is also included within all modelling.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In carrying out its activities the Group has limited the use of financial instruments to a minimal level. Short term funding is by overdraft and excess cash balances are invested in short term deposit accounts until required. Short term needs of foreign currency for payment to suppliers has now been minimised and only a small amount of purchases are settled in foreign currency.

The Group and the Company use commodities in its manufacturing process and are significantly affected by fluctuations in raw material prices. The risk of increases in these prices affecting margins is minimised by an active purchasing organisation that secures the best available prices for raw materials and products for resale. Short term need of electricity as the major energy cost in the manufacturing process is forecast and reviewed based on which a forward purchase contract is placed with a preferred supplier to fix the energy cost from market price fluctuation in the year by management.

Credit risk is minimised by a structured central credit activity that assesses customers for ability to pay, sets suitable credit limits and oversee the entire debtors’ ledger. Day to day management of debtors is carried out by specialised staff to maintain regular contact with the customer from the point of ordering to the receipt of payment.

The liquidity and cash flow impact of management decisions are regulated at the highest level within the Group and the Company and form an integral part of the planning process.

The needs of the Group are such that in any specific year the operative cash flows may be higher or lower than investment requirement. Both the operative and investment cash flows are affected by the natural business cycle and need to invest strategically at times. The wider REHAU Group prides itself on its’ financial stability and independence, thus allowing the parent entity to flex up and down loan capital as required. The process is controlled and managed by the REHAU Group in a very structured way based on mid-term business planning. The Inter-company loans granted to REHAU Limited are assessed as representing very minimal risk.

FUTURE DEVELOPMENTS

The Group and the Company’s future developments are contained in the Strategic Report.

DIRECTORS

The directors who served during the year and up to the signing of the financial statements were:

M R Baker
M J Hitchin
H E K Wagner (resigned 19 May 2020)
S A Fonseca

DIRECTORS’ INDEMNITIES

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Group also purchased and maintained throughout the financial year Directors’ and Officers’ liability insurance in respect of itself and its Directors.

CORPORATE RESPONSIBILTY & CHARITABLE DONATIONS

The Group believe supporting local communities is a key pillar of its Corporate Responsibility (CR) and underpins the Group values. The Group has a Corporate Responsibility Steering Group with the purpose of ensuring that its activity remains aligned to the CR strategy and the wishes of local employees across all REHAU sites. To ensure the Group support is matched with the needs of the local community, employees were asked for their views on what should be the focus of the CR strategy. The Corporate Responsibility Steering Group considered twelve applications for grants from community groups and awarded £800 during 2020.

The Group also has been due to embark on a on a new two year agreement with a charity partner in the area of Social Poverty as voted by employees. However this was postponed due to the pandemic restricting employee participation in fund raising.

SUSTAINABILTY

The Company places great weight on pursuing its' objective of being environmentally responsible manufacturer and is committed to continuous improvement in this area.

Emissions information in respect of 2020 are shown in the table below.
The emissions data shown here relates to the REHAU Limited emissions only.

Scope	t CO2e	t CH4	t N2O
1. Direct Emissions	581	1	0
2. Energy Supplied Indirect	-	-	-
3. Other Indirect	2,250	1	27
	2,831	**1**	**28**

Processes are to be put in place to capture Waivis and PVCR data for 2021.

Ratio, tCO2e/COS is 53.3 Metric Tonnes (MT) of CO2 per million of cost of sales.
This intensity ratio is chosen as it is important as a manufacturing business to establish emissions in relation to the total value of production.

Explanation of categories:
Scope 1 (direct emissions) emissions are those from activities owned or controlled by the organisation. Examples of Scope 1 emissions include emissions from combustion in owned or controlled boilers, furnaces and vehicles; and emissions from chemical production in owned or controlled process equipment.

Scope 2 (energy indirect) emissions are those released into the atmosphere that are associated with the consumption of purchased electricity, heat, steam and cooling. These indirect emissions are a consequence of the organisation's energy use, but occur at sources you do not own or control.

Scope 3 (other indirect) emissions are a consequence of actions that occur at sources that are not owned or controlled by the Company and are not classed as Scope 2 emissions. Examples of Scope 3 emissions are business travel by means not owned or controlled by the organisation, waste disposal, materials or fuels the Company purchases. Scope 3 emissions can be from activities that are upstream or downstream of the Company.

Indirect emissions are zero as the REHAU Limited has for some years pursued a policy of sourcing all of its' electricity needs from certified renewable sources. This has avoided the equivalent of CO2 emissions of 2,733 MT, which would have arisen if energy procurement had not been from renewable sources.

The UK Group has established a Sustainability Steering Committee, which co-ordinates the development, sets the priorities and agrees the implementation and reviews the activities which underpin our commitment to sustainability across all REHAU UK locations as outlined in the 2025 Vision & Strategy. The Group is tasked with making ongoing improvements on all environmental topics for the Company and its' associated supply chain. The subsidiary PVCR, a recycling business, established in 2014 was an early step in reducing the Company's environmental footprint and is important part in building a circular economy. The Company is signed up to an initiative backed by the BPF (British Plastics Federation), to prevent plastic pellet loss into the environment.

The Sustainability Steering Committee will prioritise initiatives to further improve environmental safeguarding and address sustainability challenges. It will also examine best practice in monitoring and reporting of environmental and sustainability data across all REHAU UK locations.

In respect of initiatives in 2021 the Company invested in replacing the lighting system at the Logistics Centre at Runcorn from fluorescent tubes to LED. This will have a significant effect on reducing Electricity consumption at that site. The Blaenau Ffestiniog production site has been continuing its refinement of Rainwater harvesting into process water via a series of filters. This water is then recirculated several times within the extrusion cooling process reducing the amount of potable mains water used. The Blaenau site is also continuing to roll out the changeover from fluorescent tube to LED lighting and is investigating the use of Solar PhotoVoltaic on its adjacent land and, possibly, vacant roofspace.

The Global Group joined the Top 50 Sustainability Climate Leaders Project. The 50 Sustainability Climate Leaders project is the response from the International Business Community which demonstrates the desire, the leadership, and the will to take effective action in the fight against Climate Change. REHAU was selected because we demonstrate effective leadership and action in fighting climate change.

POLITICAL CONTRIBUTIONS

The Group and the Company made no political contributions during the year 2020 (2019; £nil).

COMPANY'S POLICY FOR PAYMENT OF CREDITORS

It is the Group and the Company's policy in respect of all suppliers to agree payment terms in advance of the supply of goods and to adhere to those payment terms. Creditor days on purchases based on year end trade and excluding financing items are 48 days (2019: 32 days). The decrease in creditor days largely arises from the timing of payments to group companies.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 group and company 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 group and company and of the profit or loss of the group and 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- that 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 and the Group's auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 6th July 2021 and signed on its behalf by:

M J Hitchin
Director

Independent auditor's report to the members of Rehau Limited

Opinion

We have audited the financial statements of Rehau Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise of the Consolidated statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises the information included in the Strategic Report and the Directors' Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 13 and 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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. Based on our understanding of the group and the parent company and their industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, 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 preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and 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 manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, risk of fraud in revenue cut off and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

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

Ian Holder

Ian Holder (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Two Chamberlain Square
Birmingham
B3 3AX

Date: 9th July 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019
Revenue	4	**75,435,796**	83,129,481
Cost of sales		**(53,352,299)**	(63,467,058)
Gross profit		**22,083,497**	19,662,423
Distribution costs		**(5,032,442)**	(5,852,493)
Administrative expenses before exceptional items		**(16,289,128)**	(15,332,304)
Exceptional administrative expenses	5	**(2,640,000)**	(4,561,306)
Total administrative expenses		**(18,929,128)**	(19,893,610)
		(1,878,073)	(6,083,680)
Other operating income	6	**2,850,706**	1,697,480
Operating profit/(loss)	6	**972,633**	(4,386,200)
Interest receivable and similar income	10	**4,904**	240,576
Interest payable and similar expenses	11	**(1,029,819)**	(711,058)
Other finance costs - pensions	12	**(331,000)**	(360,000)
Loss before taxation		**(383,282)**	(5,216,682)
Tax on loss	13	**(17,275)**	(353,257)
Loss for the financial year		**(400,557)**	(5,569,939)
Other comprehensive (expense)/income			
Actuarial (loss)/gain on defined benefit pension scheme	25	**(7,854,000)**	(5,717,004)
Movement of deferred tax relating to pension liability	13	**1,558,910**	718,587
Current tax relief on pension contributions			-
Total other comprehensive (expense)/income for the year		**(6,295,090)**	(4,998,417)
Total comprehensive expense for the year		**(6,695,647)**	(10,568,356)
Loss for the financial year attributable to the owners of the parent company:			
Owners of the parent Company		**(400,557)**	(5,569,939)
Loss for the financial year		**(400,557)**	(5,569,939)
Total comprehensive expense for the year attributable to the owners of the parent company:			
Owners of the parent Company		**(6,695,647)**	(10,568,356)
Total comprehensive expense for the year		**(6,695,647)**	(10,568,356)

The notes on pages 25 to 49 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note		**2020** **£**		2019 £
Fixed assets					
Intangible assets	14		**34,102**		38,987
Tangible assets	15		**17,016,050**		17,364,504
			17,050,152		17,403,491
Current assets					
Inventories	17	**12,060,186**		14,291,382	
Debtors: amounts falling due within one year	18	**10,963,583**		11,598,643	
Debtors: amounts falling due after one year	18	**3,991,131**		5,303,380	
Cash at bank and in hand	19	**3,078,154**		147,077	
		30,093,054		31,340,482	
Creditors: amounts falling due within one year	20	**(20,608,529)**		(20,508,504)	
Net current assets			**9,484,525**		10,831,978
Total assets less current liabilities			**26,534,677**		28,235,469
Creditors: amounts falling due after more than one year	21		**(10,000,000)**		(10,032,928)
Provisions for liabilities					
Provision for deferred tax		**-**		-	
Other provisions	24	**(533,455)**		(1,840,618)	
			(1,865,120)		(1,840,618)
Net assets excluding pension liability			**16,001,222**		16,361,869
Pension liability	25		**(24,098,000)**		(17,763,000)
Net (liabilities)/assets			**(8,096,778)**		1,401,131
Capital and reserves					
Called up share capital	26		**26,900,000**		26,900,000
Profit and loss account	27		**(34,996,778)**		(28,301,131)
Total shareholders' (deficit)/funds			**(8,096,778)**		(1,401,131)

The financial statements on pages 19 to 49 were approved by the Board of Directors on 6th July 2021 and signed on its behalf by:

M J Hitchin
Director

The notes on pages 25 to 49 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note		**2020**		2019
			£		£
Fixed assets					
Intangible assets	14		**34,102**		38,987
Tangible assets	15		**13,377,144**		13,813,251
Investments	16		**3,103,408**		653,408
			16,514,654		14,505,646
Current assets					
Inventories	17	**11,727,648**		13,812,422	
Debtors: amounts falling due within one year	18	**10,792,943**		11,265,078	
Debtors: amounts falling due after one year	18	**3,991,131**		5,303,380	
Cash at bank and in hand	19	**2,931,336**		-	
		29,443,058		30,380,880	
Creditors: amounts falling due within one year	20	**(20,099,732)**		(19,847,238)	
Net current assets			**9,343,326**		10,533,642
Total assets less current liabilities			**25,857,980**		25,039,288
Creditors: amounts falling due after more than one year	21		**(10,000,000)**		(10,032,982)
Provisions for liabilities					
Other provisions	24	**(533,455)**		(1,640,618)	
			(533,455)		(1,640,618)
Net assets excluding pension liability			**15,324,525**		13,365,688
Pension liability	25		**(24,098,000)**		(17,763,000)
Net (liabilities)/assets			**(8,773,475)**		(4,397,312)
Capital and reserves					
Called up share capital	26		**26,900,000**		26,900,000
Profit and loss account	27		**(35,673,475)**		(31,297,312)
Total shareholders' (deficit)/funds			**(8,773,475)**		(4,397,312)
Company's profit/(loss) for the financial year			**1,918,927**		(8,216,297)

The financial statements on pages 19 to 49 were approved and authorised for issue by the board and were signed on its behalf on 6th July 2021 by:

M J Hitchin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up Share capital	Profit and loss account	Total shareholders' Funds
At 1 January 2020	26,900,000	(28,301,131)	(1,401,131)
Comprehensive expense for the year			
Loss for the financial year	-	(400,557)	(400,557)
Actuarial loss on pension scheme		(7,854,000)	(7,854,000)
Movement of deferred tax relating to pension liability	-	1,558,910	1,558,910
Total other comprehensive expense for the year	-	(6,295,090)	(6,295,090)
Total comprehensive expense for the year	-	(6,695,647)	(6,695,647)
At 31 December 2020	26,900,000	(34,996,777)	(8,096,777)

	Called up Share capital	Profit and loss account	Total shareholders' Funds
At 1 January 2019	26,900,000	(17,732,775)	9,167,225
Comprehensive expense for the year			
Loss for the financial year	-	(5,569,939)	(5,569,939)
Actuarial loss on pension scheme	-	(5,717,004)	(5,717,004)
Movement of deferred tax relating to pension liability	-	718,587	718,587
Total other comprehensive expense for the year	-	(4,998,417)	(4,998,417)
Total comprehensive expense for the year	-	(10,568,356)	(10,568,356)
At 31 December 2019	26,900,000	(28,301,131)	(1,401,131)

The notes on pages 25 to 49 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up Share capital	Profit and loss account	Total shareholders' funds
At 1 January 2020	26,900,000	(31,297,312)	(4,397,312)
Comprehensive (expense)/income for the year			
Loss for the financial year	**-**	**1,918,927**	**1,918,927**
Actuarial loss on pension scheme	**-**	**(7,854,000)**	**(7,854,000)**
Movement of deferred tax relating to pension liability	**-**	**1,558,910**	**1,558,910**
Total other comprehensive expense for the year	**-**	**(6,295,090)**	**(6,295,090)**
Total comprehensive expense for the year	**-**	**(4,376,163)**	**(4,376,163)**
At 31 December 2020	**26,900,000**	**(35,673,474)**	**(8,773,474)**

	Called up Share capital	Profit and loss account	Total shareholders' funds
At 1 January 2019	26,900,000	(18,082,598)	8,817,402
Comprehensive (expense) for the year			
Loss for the financial year	-	(8,216,297)	(8,216,297)
Actuarial loss on pension scheme	-	(5,717,004)	(5,717,004)
Movement of deferred tax relating to pension liability	-	718,587	718,587
Total other comprehensive expense for the year	-	(4,998,417)	(4,998,417)
Total comprehensive expense for the year	-	(13,214,714)	(13,214,714)
At 31 December 2019	26,900,000	(31,297,312)	(4,397,312)

The notes on pages 25 to 49 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
Loss for the financial year	**(400,557)**	(5,569,939)
Adjustments for:		
Amortisation of intangible assets	**17,361**	15,041
Depreciation of tangible assets	**2,636,015**	2,468,474
Impairment of intangible assets	**-**	-
Impairment of financial assets	**4,240,000**	1,600,000
Reversal of impairment of tangible assets	**174,887**	(476,841)
Gain on disposal of tangible assets	**(213,996)**	(270,370)
Amortisation of government grants	**(38,671)**	-
Increase in Inventories	**2,231,196**	(738,473)
Interest charge	**1,360,819**	1,071,058
Interest received	**(4,904)**	(240,576)
Taxation (credit)/charge	**17,275**	353,257
(Increase)/decrease in debtors	**(964,940)**	(906,448)
(Decrease)/increase in creditors	**3,522,548**	(410,705)
Increase/(decrease) in provisions	**(1,307,163)**	1,319,671
Difference between defined benefits pension charge and cash contributions	**(1,850,004)**	(1,850,004)
Corporation tax (paid)/refunded	**213,884**	(24,243)
Net cash (used in)/ generated from operating activities	**9,283,981**	(3,660,098)
Purchase of tangible fixed assets	**(2,453,749)**	(3,974,660)
Purchase of intangible fixed assets	**(12,477)**	-
Sale of tangible fixed assets	**555,071**	1,684,953
Interest received	**4,904**	576
Net cash used in investing activities	**(1,906,251)**	(2,289,131)
Cash flows from financing activities		
Receipt of inter-company loan	**(2,000,000)**	6,400,000
Interest paid	**(1,029,819)**	(711,058)
Net cash generated from financing activities	**5,770,181**	5,688,942
Net increase/(decrease) in cash and cash equivalents	**4,347,911**	(260,287)
Cash and cash equivalents at beginning of year	**(1,269,757)**	(1,009,470)
Cash and cash equivalents at the end of year	**3,078,154**	(1,269,757)
Cash and cash equivalents at the end of year comprise		
Cash at bank and in hand	**3,078,154**	147,077
Bank Overdraft	**-**	(1,416,834)
	3,078,154	(1,269,757)

1. GENERAL INFORMATION

REHAU Limited ('the Group') is engaged in providing a wide range of polymer based products to its customers primarily in the building and construction sectors but also in the industrial sectors of furniture and industrial applications.

The company is a private company limited by shares and is incorporated and domiciled in United Kingdom. The address of its registered office is Hill Court, Walford, Ross-on-Wye, Herefordshire, HR9 5QN, England.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently:

2.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2014.

The Company has taken exceptions within FRS102 that means disclosure of a separate profit and loss statement and cash flow statement at a Company level are not required.

Going concern

The Directors have formed a judgement at the time of approving the financial statements that the Company has adequate resources available to continue operating for at least 12 months and conclude that there are no material uncertainties relating to events or conditions that may cast doubt over the ability of the Company to continue as a going concern.

The UK Group has a net liability position. This has arisen over time through the increases in the defined benefit pension scheme deficit, the decision to restructure the business in early 2019 and the one time effects of financial asset impairments. The additional pressures brought by the COVID-19 pandemic has meant that the Directors have had to pay specific attention to the financial management within the business.

Rigorous scenario planning supported by effective measures were established to ensure the COVID situation did not damage the long-term prospects of the Company. The worldwide REHAU Group has also taken significant actions in managing the Global risk and providing expert support where required.

2.1 Basis of consolidation (continue)

Group Operating Profit for the 2020 year was £972,633 and included exceptional items arising from provisions for doubtful debt. Net current assets remain positive at £9,484,525 and with a cash balance of £3,078,154 thus in the event of any downturn the company holds cash reserves to mitigate a potential loss.

Current modelling indicates that overall cash reserves with the UK businesses will grow during 2021. The Global REHAU Group is fully committed to the UK business and sees its success as an important contributor to that of the Group. If circumstances require it there are set processes within the Global Group to allow national entities to request additional internal funding but Rehau UK is not expected to require this.

In drawing this conclusion the Directors have considered the ongoing impact of Covid-19 on the business, current trading, the strength of the company's order book, its working capital position and the expected cash that will be generated from its operations.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group has transferred the significant risks and rewards of ownership to the buyer;
    - the Group 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 Group will receive the consideration due under the transaction;
    - the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- Revenue is primarily from the sale of manufactured goods made either at the Groups own production facilities, from sister Companies from within the REHAU Global Group or from products procured from third parties.
- Revenue is typically recognised when goods are dispatched to the end customer.

2.4 Intangible assets

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Amortisation is provided on the following bases

Software	-	12.5% - 20%

2. ACCOUNTING POLICIES (continued)

2.5 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases

Land and buildings	- No depreciation on Land. Buildings 4% per annum on cost
Plant and machinery	- 10% to 33% per annum on straight line basis
	- Tooling 50% per annum on cost
Motor Vehicles	- 25% per annum on cost
Office equipment, furniture, and fittings	- 20% to 33% per annum on straight line
Construction in progress	- No depreciation

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 within 'other operating income' in the Consolidated Statement of Comprehensive Income.

2.6 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

2.7 Impairment of tangible and intangible assets

The Company examines the expected future cash flows derived from each Cash Generating Unit (CGU) or individual assets on a routine basis. An impairment review trigger typically arises from negative economic performance, asset obsolescence or strategic changes in business direction. If expected future cash flows are below the current carrying value of asset(s) then an impairment is recognised; any impairments or reversal of impairments are verified at the highest level within the Parent Company.

The impairment loss is the amount by which the carrying amount of an asset or CGU exceeds its recoverable amount or the carrying amount is higher than the recoverable amount. If the recoverable amount falls below the carrying amount, impairment to that extent exists and an unplanned depreciation must be made. If the recoverable amount (value in use or fair value less cost to sell) exceeds the carrying amount, no impairment exists.

3. ACCOUNTING POLICIES (continued)

2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.9 Inventories

Inventories are stated 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 balance sheet date, Inventories 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 profit or loss.

2.10 Debtors

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

2.11 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 insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

The company has taken advantage of the exemption conferred by FRS 102 (section 7, para 3.17(d)) and have not prepared a cash flow statement.

The company has taken advantage of the exemption conferred by FRS 102 (section 7, para 3.17(d)) and have not prepared a cash flow statement.

2.12 Financial instruments

The Group 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 to related parties and investments in non-puttable ordinary shares. The company applies section 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments.

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. ACCOUNTING POLICIES (continued)

2.12 Financial instruments (continued)

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 impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

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, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

2.6 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Profit and Loss Account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

Income arising from the UK Governments “Coronavirus Job Retention Scheme” (CJRS), is recognised within Grant Income within the period in which the claim was made.

2.8 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign

2. ACCOUNTING POLICIES (continued)

2.8 Foreign currency translation (continued)

currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

2.9 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Pensions

Defined contribution pension plan

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

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

Defined benefit pension scheme

Pension scheme assets are measured using their respective bid price market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the Company’s defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme’s assets and the increase during the year in the present value of the scheme’s liabilities arising from the passage of time are included in interest payable. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet. This scheme was closed to future accrual as at 31 December 2008.

2.11 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2. ACCOUNTING POLICIES (continued)

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet 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 Balance Sheet.

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a change 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 balance sheet date in the countries where the Company and the Group operate and generate income.

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

- The 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Income from the Coronavirus Job Retention Scheme is treated as taxable income.

2.14 Exceptional items

The Group classifies certain one-off charges or credits that have a material impact in the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

2.15 Equity and reserves

Share capital and represents the nominal value of shares that have been issued.
Retained earnings includes all current and prior year retained profits and losses.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Inventory provisioning

The company maintains sufficient stock levels to maintain an excellent customer service. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

(ii) Deferred taxation

The company assesses whether it is appropriate to recognise, at the balance sheet date, deferred tax assets resulting from historical trading losses, timing differences and pension. The amount of deferred tax recognised is based on estimates of the timing and amount of future taxable profits of the company, which in turn relies upon estimates of future operating profits and the occurrence, timing and tax treatment of significant items of income and expenditure including contributions to pension schemes. Further disclosures relating to the effect on the profit and loss account of the recognition of deferred tax assets are included in note 13, and the amount of deferred tax asset recognised and other relevant disclosures are included in note 23.

(iii) Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

(iv) Warranty provision

Many of the Group’s products are used in building, construction and other industrial applications. Dependent on product type the company is obliged to provide certain warranties as to the quality and consistency of its’ products. An assessment is made on a regular basis to determine the probable future obligation arising from the short and long term warranties in place. This is done based on product group and the inherent characteristics and use of each product type.

(v) Impairment

The Company examines the expected future cash flows derived from each Cash Generating Unit (CGU) or individual assets on a routine basis. The need for examination typically arises from negative economic performance, asset obsolescence or strategic changes in business direction. If expected future cash flows are below the current carrying value of asset(s) then an impairment is recognised; any impairments or reversal of impairments are verified at the highest level within the Parent Company.

The impairment loss is the amount by which the carrying amount of an asset or CGU exceeds its recoverable amount or the carrying amount is higher than the recoverable amount. If the recoverable amount falls below the carrying amount, impairment to that extent exists and an unplanned depreciation must be made. If the recoverable amount (value in use or fair value less cost to sell) exceeds the carrying amount, no impairment exists.

Principally distinguished are originally occurring impairments (for example, due technical obsolescence, physical damage, technical condition) and other impairments due to remaining indications/triggering events.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(vi) Restructuring provision

The Company continually reviews it's structure to ensure that an optimised production and business footprint is maintained. At times it is necessary to make changes to structure within the business.

In the event of significant changes, additional costs can arise in respect of redundancy pay, onerous leases, additional professional services costs, etc. At the point of disclosure of any restructure then all incremental costs are provided for. The costs are accounted for on a best estimate basis, based around detailed supporting schedules.

As cost associated with the restructuring, occur these are matched against the provisions raised. The outstanding provision values are routinely reviewed based upon best available information at the balance sheet date.

4. REVENUE

The whole of the revenue is attributable to the group's principal activity. The directors consider that there is only one class of business being the production and sale of a wide range of polymer based products to its customers primarily in the building and construction sectors.

Analysis of revenue by country of destination:

	2020	2019
	£	£
United Kingdom	**72,464,474**	77,288,546
Rest of Europe	**2,857,112**	4,088,980
Rest of the world	**114,210**	1,751,955
	75,435,769	83,129,481

5. EXCEPTIONAL ADMINISTRATIVE EXPENSES

	2020	2019
	£	£
Restructure costs	**-**	3,519,766
Reversal of impairment	**-**	(558,460)
Impairment of third party loan	**2,640,000**	1,600,000
	2,640,000	4,561,306

The Group incurred exceptional expenses in respect of items during 2020:

There were no restructure costs associated with the closure of the Amlwch factory or the Shaping our Future initiative expensed during 2020, (2019: £3,519,766). There is no reversal of impairment in 2020 (2019: £558,460) in 2019 these were in respect of Amlwch factory assets which were previously impaired where the assets have been successfully sold.

As part of its' risk management process the Company regularly assessed it's third party debtor position. Following prudent principles the Company determined that it was necessary to raise a provision of £2,640,000 (2019: £1,600,000) in respect of a third party loan shown within debtors greater than one year. The loan recipient entered administration during 2020, no funds are expected to be recovered from this transaction.

6. OPERATING PROFT / (LOSS)

The operating loss is stated after (crediting)/charging:

		2020	2019
		£	£
Amortisation of government grants		(38,671)	-
Depreciation of tangible fixed assets		2,636,015	2,468,474
Amortisation of intangible assets		17,361	15,041
Inventory recognised as an expense		40,026,609	47,081,405
Exchange differences		112,463	192,414
Operating lease rentals		1,308,404	1,631,111
Gain on disposal of fixed assets		(22,661)	(270,370)
Impairment charge – financial assets	(note 5)	2,640,000	1,600,000
Impairment charge – tangible assets		-	81,619
Reversal of Impairment – tangible assets	(note 15)	(174,887)	(558,460)
Restructure Costs		-	3,519,766

Administrative expenses include recharges from associated companies within the REHAU worldwide group for administration, computing services and brand licensing of £2,511,499 (2019: £3,068,439).

Other operating income £2,850,706 (2019: £1,697,480) of this £1,370,673 relates to CJRS income and the remainder relates primarily to service charges to fellow group companies.

7. AUDITORS' REMUNERATION

	2020	2019
	£	£
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	62,500	47,500
FEES PAYABALE TO OTHER STATUTORY AUDITORS	-	10,000
FEES PAYABLES TO OTHER STATOTORY AUDITORS IN RELATION TO TAXATION	-	7,900

The audit remuneration for the Company is incorporated within the Group fees payable to the auditor.

8. EMPLOYEES

Staff costs were as follows:

	Group 2020	Group 2019	**Company 2020**	Company 2019
	£	£	**£**	£
Wages and salaries	**13,255,370**	17,871,858	**12,349,502**	16,940,153
Social security costs	**1,409,340**	1,865,124	**1,330,562**	1,793,236
Other pension costs	**704,621**	922,130	**675,481**	891,886
	15,369,331	20,659,112	**14,355,545**	19,625,275

There are no costs in wages and salaries for 2020 (2019: £2,220,910) in respect of severance costs associated with restructuring.

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

	Group 2020	Group 2019	**Company 2020**	Company 2019
	No.	No.	**No.**	No.
Production	**269**	298	**246**	277
Administration and selling	**161**	186	**154**	178
	430	484	**400**	455

9. DIRECTORS' REMUNERATION

	2020	2019
	£	£
Directors' emoluments	**448,118**	448,309
Company contributions to defined contribution pension schemes	**26,751**	19,371
	470,383	467,680

During the year, retirement benefits were accruing to 3 directors (2019: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £209,954 (2019: £199,473).

The company did not pay any contributions in 2020 to the defined contribution pension scheme in respect of the highest paid director (2019: £0).

Key management personnel

Key management includes the directors and members of senior management. The compensation paid or payable to key management personnel for employee services during the year was £832,295 (2019: £1,085,667).

10. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£	£
Loan interest received	**-**	240,000
Other interest receivable	**4,904**	576
	4,904	240,576

Average Intercompany interest rate 3.71% for 2020.

11. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Bank and loan interest payable	**783,948**	547,058
Other interest payable	**245,871**	164,000
	1,029,819	711,058

Other interest payable includes fees payable on intercompany guarantees with group undertakings and other accrued interest not attributable to loans or banks. Average Intercompany interest rate 0.00402% for 2020.

12. OTHER FINANCE COSTS

	2020	2019
	£	£
Net interest on net defined benefit liability	**331,000**	360,000

13. TAX ON LOSS

TAX EXPENSE INCLUDED IN LOSS	**2020**	2019
	£	£
CORPORATION TAX		
Current tax on losses for the year	**-**	-
Adjustments in respect of prior years	**(239,681)**	-
Foreign CT on losses for year	**25,797**	24,243
TOTAL CURRENT TAX	**(213,884)**	24,243
DEFERRED TAX		
Origination and reversal of timing differences	**(5,386)**	329,014
Adjustments in respect of accelerated capital allowances	**236,545**	-
TOTAL DEFERRED TAX	**231,159**	329,014
TAXATION ON LOSS	**17,275**	353,257

TAX INCOME/(EXPENSE) INCLUDED IN OTHER COMPREHENSIVE (EXPENSE)/INCOME	**2020**	2019
	£	£
Deferred tax on Other Comprehensive Income	**1,558,910**	718,587
TOTAL TAX INCOME/(EXPENSE) INCLUDED IN OCI	**1,558,910**	718,587

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 – 19%). The differences are explained below:

	2020	2019
	£	£
Loss before taxation	**(383,282)**	(5,216,682)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019 – 19%)	**(72,824)**	(991,170)
EFFECTS OF:		
Fixed Asset differences	**57,479**	135,239
Expenses not deductible for tax purposes	**12,499**	11,193
Adjustments in respect of prior years	**(239,681)**	-
Adjustments in respect of prior years Deferred Tax	**(15,405)**	-
Amounts charged directly to Statement of Total Recognised Gains and Losses	**-**	(367,641)
Other timing differences	**-**	(2,449)
Foreign Tax	**25,798**	24,243
Tax losses not recognised	**497,910**	1,411,722
Deferred tax rate change	**(315,151)**	132,120
TOTAL TAX CHARGE FOR THE YEAR	**(49,374)**	353,257

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2017 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the 2019 balance sheet date were measured using these enacted tax rates.

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase. The deferred tax including within these financial statements is therefore calculated at the 19% tax rate rather than the prior 17% tax rate.

14. INTANGIBLE ASSETS

Group

	Software £
COST	
At 1 January 2020	**494,983**
Additions	**12,477**
Disposals	**(39,532)**
At 31 December 2020	**467,928**
ACCUMULATED AMORTISATION	
At 1 January 2020	**455,996**
Charge for the year	**17,361**
Disposals for the year	**(39,532)**
At 31 December 2020	**433,826**
NET BOOK VALUE	
At 31 December 2020	**34,102**
At 31 December 2019	38,987

Company

	Software £
COST	
At 1 January 2020	**494,983**
Additions	**12,477**
Disposals	**(39,532)**
At 31 December 2020	**467,928**
ACCUMULATED AMORTISATION	
At 1 January 2020	**455,996**
Charge for the year	**17,362**
Disposals for the year	**(39,532)**
At 31 December 2020	**433,827**
NET BOOK VALUE	
At 31 December 2020	**34,101**
At 31 December 2019	38,987

15. TANGIBLE ASSETS

Group

	Land and buildings £	Plant and machinery £	Motor vehicles £	Office equipment, furniture and fittings £	Construction in progress £	Total £
COST						
At 1 January 2020	39,344,797	35,550,883	175,222	5,023,813	388,950	80,483,665
Transfer	**-**	**388,450**	**-**	**-**	**(388,450)**	**-**
Additions	**62,261**	**1,575,427**	**18,572**	**10,253**	**787,236)**	**2,453,749**
Disposals	**(1,694,721)**	**(4,305,310)**	**(22,492)**	**(154,459)**	**-**	**(6,176,982)**
At 31 December 2020	**37,712,337**	**33,209,450**	**171,302**	**4,879,607**	**787,236**	**76,760,431**
ACCUMULATED DEPRECIATION						
At 1 January 2020	34,260,495	24,003,694	152,288	4,702,684	-	63,119,161
Charge for the year	**706,004**	**1,860,321**	**17,736**	**51,954**	**-**	**2,636,015**
Reversal of impairment	**(2,815)**	**(156,597)**	**-**	**(15,475)**	**-**	**(174,887)**
Disposals	**(1,666,133)**	**(4,008,299)**	**(22,492)**	**(138,984)**	**-**	**(5,835,908)**
At 31 December 2020	**33,297,551**	**21,699,119**	**147,532**	**4,600,179**	**-**	**59,744,381**
NET BOOK VALUE						
At 31 December 2020	**4,414,786**	**11,510,331**	**23,770**	**279,428**		**17,016,050**
At 31 December 2019	5,084,302	11,547,189	22,934	321,129	388,950	17,364,504

Reversal of impairment relates to assets previously written down which has been subsequently sold during 2020.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

15. TANGIBLE ASSETS (continued)

Company

	Land and buildings £	Plant and machinery £	Motor vehicles £	Office equipment, furniture and fittings £	Construction in progress £	Total £
COST						
At 1 January 2020	39,124,485	31,462,161	196,546	4,444,081	388,948	75,616,221
Transfer	-	388,450	-	-	(388,948)	-
Additions	59,636	933,458	18,572	9,000	787,236	1,807,902
Disposals	(1,694,721)	(4,220,710)	(22,492)	(154,459)	-	(6,092,382)
At 31 December 2020	37,489,400	28,563,359	192,626	4,298,622	787,236	71,331,741
ACCUMULATED DEPRECIATION						
At 1 January 2020	34,256,986	23,105,646	173,611	4,266,727	-	61,802,970
Charge for the year	659,354	1,441,798	17,737	24,466	-	2,143,355
Reversal of Impairment	(2,815)	(156,597)	-	(15,475)	-	(174,887)
Disposals	(1,666,133)	(3,989,229)	(22,492)	(138,984)	-	(5,816,838)
At 31 December 2020	33,247,392	20,401,618	168,856	4,136,734	-	57,954,600
NET BOOK VALUE						
At 31 December 2020	4,242,008	8,161,741	23,770	161,888	787,734	13,377,141
At 31 December 2019	4,867,499	8,356,515	22,935	177,354	388,948	13,813,251

Reversal of impairment relates to assets previously written down which has been subsequently sold during 2020.

16. INVESTMENTS

Company

	Investments in subsidiary companies £
COST	
At 1 January 2020	7,103,408
Additions	**2,450,000**
At 31 December 2020	**9,553,408**
IMPAIRMENT	
At 1 January 2020	6,450,000
Impairment charge	**-**
At 31 December 2020	**6,450,000**
NET BOOK VALUE	
At 31 December 2020	**3,103,408**
At 31 December 2019	653,408

The additions relate to additional capital investment in subsidiary PVCR Limited.

The directors assess if the carrying amount of the investments recorded by the Group and the Company are supported by the underlying assets.

The subsidiaries of the Company are disclosed in note 33.

17. INVENTORIES

	Group 2020 £	Group 2019 £	**Company 2020 £**	Company 2019 £
Raw materials and consumables	**2,486,831**	3,524,582	**2,154,293**	3,045,621
Finished goods and goods for resale	**9,573,355**	10,766,800	9,573,355	10,766,801
	12,060,186	14,291,382	11,727,648	13,812,422

Inventories for the GROUP are stated after provisions of £242,705 (2019: £541,763).
Inventories for the COMPANY are stated after provisions of £216,534 (2019: £511,295).
The difference between purchase price or production cost of Inventories and their replacement cost is not material.

18. DEBTORS

Debtors: amounts falling due within one year

	Group 2020	Group 2019	**Company 2020**	Company 2019
	£	£	**£**	£
Trade debtors	**8,616,162**	9,401,162	8,328,647	9,197,263
Amounts owed by group undertakings	**1,666,171**	1,423,409	1,912,282	1,762,282
Corporation Tax	**21,204**	21,204	21,204	21,204
Other debtors	**13,154**	10,796	13,154	10,796
Prepayments and accrued income	**646,892**	742,072	517,656	273,533
	10,963,583	11,598,643	11,792,943	11,265,078

Trade debtors for GROUP and COMPANY are stated after provisions for impairment of £1,838,205 (2019: £291,979).

The amounts owed by group undertakings are unsecured and have no scheduled repayment dates. Average interest rate charged on loans during 2020 was

Debtors: amounts falling due after one year

	Group 2020	Group 2019	**Company 2020**	Company 2019
	£	£	**£**	£
Loan receivable	**-**	2,640,000	**-**	2,640,000
Deferred tax asset (note 23)	**3,991,131**	2,663,380	**3,991,131**	2663,380
	3,991,131	5,303,380	**3,991,131**	5,303,380

The total 3rd party loan receivable amount is £4,240,000, the company does not believe this loan is recoverable as the loan recipient is in administration is therefore fully impaired. (2019: £1,600,000). The deferred tax balance of £3,991,131 is net of £4,578,620 which relates to the defined benefit pension scheme deferred tax asset. The liability of £587,489 is in respect of timing differences on capital allowances.

19. CASH AT BANK AND IN HAND

	Group 2020	Group 2019	**Company 2020**	Company 2019
	£	£	**£**	£
Cash at bank and in hand	**3,078,154**	147,077	**2,931,336**	-

20. CREDITORS: Amounts falling due within one year

	Group 2020	Group 2019	**Company 2020**	Company 2019
	£	£	**£**	£
Bank overdraft	**-**	1,416,834	**-**	1,416,834
Trade creditors	**3,325,053**	2,639,985	**3,082,862**	2,361,232
Amounts owed to group undertakings	**10,519,153**	11,695,921	**10,753,604**	11,684,470
Other taxation and social security	**3,547,041**	1,890,135	**3,500,840**	1,802,062
Government grant deferred income	**-**	5,820	**-**	5,820
Accruals and deferred income	**3,217,282**	2,859,809	**2,762,426**	2,576,820
	20,608,529	20,508,504	**20,099,732**	19,847,238

Of the amounts owed to group undertakings 3,719,153 (2019: £2,895,921) are intercompany trade creditors which are unsecured, have no scheduled repayment dates and are non-interest bearing. The remainder of the amounts owed to group undertaking, being £6,800,000 (2019: £8,800,000) is a short term intercompany loan due for re-payment within 1 year, with an average interest rate of 3.95% applied. The bank overdraft is secured by a parental guarantee.

21. CREDITORS: Amounts falling due after more than one year

	Group 2020	Group 2019	**Company 2020**	Company 2019
	£	£	**£**	£
Amounts owed to group undertakings	**10,000,000**	10,000,000	**10,000,000**	10,000,000
Government grants deferred income	**-**	32,982	**-**	32,982
	10,000,000	10,032,982	**10,000,000**	10,032,982

The amounts owed to group undertakings are unsecured and are an interest bearing loan from REHAU Verwaltungszentrale AG. Average interest rate 4.09% for 2020. They are not scheduled for repayment prior to August 2022.

22. FINANCIAL INSTRUMENTS

	Group 2020	Group 2019	**Company 2020**	Company 2019
	£	£	**£**	£
Financial assets that are debt instruments measured at amortised cost	**10,556,693**	13,475,367	**11,238,259**	13,610,341
Financial liabilities measured at amortised cost	**(27,061,488)**	(27,234,517)	**(26,598,892)**	(26,661,324)

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial Liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings and accruals.

23. DEFERRED TAXATION ASSET

Group

	Deferred tax
	£
At 1 January 2020	2,663,380
Charged to the profit or loss	**1,327,752**
Credited to other comprehensive income	**-**
At 31 December 2020	**3,991,132**

Company

	Deferred tax
	£
At 1 January 2020	2,663,380
Charged to the profit or loss	**1,327,752**
Credited to other comprehensive income	**-**
At 31 December 2020	**3,991,132**

The deferred tax asset is made up of:

	Group 2020	Group 2019	**Company 2020**	Company 2019
	£	£	**£**	£
Accelerated capital allowances	**(609,975)**	(373,430)	**(609,975)**	(373,430)
Other short term timing differences	**22,486**	17,100	**22,486**	17,100
Pension	**4,578,620**	3,019,710	**4,578,620**	3,019,710
	3,991,191	2,663,380	**3,991,131**	2,663,380

COMPRISING

	Group 2020	Group 2019	**Company 2020**	Company 2019
	£	£	**£**	£
Asset	**3,991,191**	2,663,380	**3,991,131**	2,663,380
	3,991,191	2,668,380	**3,991,131**	2,663,380

24. OTHER PROVISIONS

Group

	Warranty provision	Third party claims provision	Restructure provision	Total
	£	£		£
At 1 January 2020	400,122	225,000	1,215,496	1,840,618
Charged/(credited) to the profit or loss	**(3,108)**	**(25,000)**	**(85,524)**	**(203,108)**
Utilised in year	**(24,713)**	**(200,000)**	**(968,818)**	**(1,104,055)**
At 31 December 2020	**372,301**	**-**	**161,154**	**533,455**

Company

	Warranty provision	Third party claims provision	Restructure provision	Total
	£	£		£
At 1 January 2020	400,122	25,000	1,215,496	1,640,618
Charged/(Credited) to the profit or loss	**(3,108)**	**(25,000)**	**(85,524)**	**(28,108)**
Utilised in year	**(24,713)**	**-**	**(968,818)**	**(1,079,055)**
At 31 December 2020	**372,301**	**-**	**161,154**	**533,455**

The warranty provisions are recognised for expected standard claims on products which remain under warranty, and are expected to be utilised within the next 10 years.

The restructure provision relates to the remaining costs associated with the closure and sale of the Amlwch Factory. The utilisation in 2020 relates to cashflow incurred in respect of the provision previously made. The Credit to the Profit and loss relates to costs being below originally anticipated, these credits are included within Administrative expenses. It is expected cash flows associated with the remaining restructure provision will utilised within 1 year.

The 3rd party claims provision for the COMPANY related to a potential claim where no further liability is expected.

The 3rd party claims provision within GROUP related to a contractual dispute which is now fully settled with no further obligation or risk.

25. PENSION COMMITMENTS

Defined contribution scheme

The Group also operates a stakeholder pension scheme which operates on a money purchase basis with the Group contributing two times the employee contribution up to a maximum of 10%. The pension charge for this scheme was £675,481 (2019: £879,427).

A further scheme with Aviva relating to the Irish Sales Office had a charge of £10,099 (2019: £12,459). The WAIVIS Limited defined contribution scheme had a charge of £10,319 (2019: £13,206). The PVCR Limited defined contribution scheme had a charge of £18,423 (2019: £17,038).

The cost stated above are direct pension costs. 'Other pension costs' stated in Note 8 also contains Life Assurance cost.

Defined benefit scheme

The Group operates the REHAU Limited Retirement Benefits Scheme which is a defined benefit scheme. The scheme is a funded defined benefit scheme and contributions are determined by the Scheme Actuary on the basis of triennial valuations. The scheme was closed to new entrants in 2003 and a money purchase scheme was put in place. As at the 31 December 2008 the scheme was closed to future accrual. This removed the link between future salary increases and the pension liability.

The most recent triannual actuarial valuation was undertaken as at 1 January 2018. At this date the market value of the assets was £49,245,000. As the scheme is closed to future accrual there is no current service cost.

Composition of plan assets:

	2020 **£**	2019 £
Equities	**13,110,137**	12,669,277
Gilts	**14,792,477**	12,912,877
Cash	**937,651**	329,851
Corporate bonds	**18,310,541**	15,961,502
Diversified Growth Funds	**11,245,141**	10,221,493
Insured Annuities	**2,307,053**	2,275,000
TOTAL PLAN ASSETS	**60,703,000**	54,370,000

	2020 **£**	2019 £
Fair value of plan assets	**60,703,000**	54,370,000
Present value of plan liabilities	**(84,801,000)**	(72,133,000)
NET PENSION SCHEME LIABILITY	**(24,098,000)**	(17,763,000)

The amounts recognised in statement of comprehensive income are as follows:

	2020	2019
	£	£
Net interest on obligation	**(331,000)**	**(360,000)**
Past Service costs	**(100,000)**	**-**
Actual return on scheme assets	**5,665,000**	9,381,000

25. PENSION COMMITMENTS (continued)

Reconciliation of fair value of plan liabilities were as follow:

	2020	2019
	£	£
Opening defined benefit obligation	**(72,133,000)**	(58,603,000)
Interest cost	**(1,397,000)**	(1,643,000)
Actuarial (loss)	**(12,353,000)**	(13,815,000)
Benefits paid	**1,182,000**	1,928,000
Past service costs	**(100,000)**	-
CLOSING DEFINED BENEFIT OBLIGATION	**(84,801,000)**	(72,133,000)

Past service costs relates to Guaranteed Minimum Pensions (GMPs) equalisation costs.

Reconciliation of fair value of plan assets were as follows:

	2020	2019
	£	£
Opening fair value of scheme assets	**54,370,000**	45,067,000
Interest income on plan assets	**1,066,000**	1,283,000
Contributions by employer	**1,850,000**	1,850,000
Actuarial gain	**4,599,000**	8,098,000
Benefits paid	**(1,182,000)**	(1,928,000)
	60,703,000	54,370,000

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2020	2019
	%	%
Discount rate	**1.25%**	1.95%
Future pension increases		
Fixed increases	**5.0%**	5.0%
RPI, max 5% pa	**3.0%**	3.1%
Rate of increases for pensions in deferment	**2.32%**	2.15%
Inflation assumption (CPI)	**2.32%**	2.15%

Mortality rates		
- for a male aged 65 now	**21.0**	20.9
- at 65 for a male aged 45 now	**22.3**	22.2
- for a female aged 65 now	**23.3**	23.1
- at 65 for a female member aged 45 now	**24.7**	24.6

26. CALLED UP SHARE CAPITAL

Group and Company

	2020	2019
	£	£
Allotted, called up and fully paid		
26,900,000 (2019: 26,900,000) Ordinary shares of £1 (2019: £1) each	**26,900,000**	26,900,000

27. PROFIT AND LOSS ACCOUNT

The profit and loss account represents the accumulated profits, losses and distributions of the company.

28. PARENT COMPANY PROFIT/(LOSS) FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit for the financial year of the parent Company for the year was £938,119 (2019; loss £8,216,297).

29. CAPITAL COMMITMENTS

At 31 December the Group and Company had capital commitments as follows:

	Group 2020	Group 2019	**Company 2020**	Company 2019
	£	£	**£**	£
Contracted for but not provided in these financial statements	**776,336**	**1,062,204**	**348,692**	**917,059**

30. COMMITMENTS UNDER OPERATING LEASES

At 31 December, the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020	Group 2019	**Company 2020**	Company 2019
	£	£	**£**	£
Not later than 1 year	**893,564**	806,140	**838,086**	799,054
Later than 1 year and not later than 5 years	**3,389,720**	2,911,959	**2,360,640**	2,739,756
Later than 5 years	**3,085,519**	3,957,004	**2,962,975**	2,547,325
TOTAL	**7,368,803**	7,675,103	**6,161,701**	6,086,135

31. RELATED PARTY TRANSACTIONS

The group entered into trading transactions with companies under common control as follows:

	2020	2019
	£	£
Sales	**4,060,422**	5,053,062
Purchases	**30,467,297**	38,367,547
Guarantee fees	**161,015**	164,000
Interest cost	**810,177**	485,422

The balances at year end arising from these transactions are disclosed in notes 18, 20 and 21 above.

The purchases include a licence fee and commission of £602,851 (2019: £916,893).

All related transactions are with other Group companies that are 100% owned by the REHAU Group.

32. ULTIMATE PARENT UNDERTAKING AND CONTOLLING PARTY

The company is owned by REHAU Verwaltungszentrale AG, a company incorporated in Switzerland. The only group in which the results of the company are consolidated is that headed by REHAU Verwaltungszentrale AG. These financial statements are not available to the public.
The ultimate parent and controlling party is Wagner Generations AG.

33. SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	**Country of incorporation**	**Class of shares**	**Holdings**	**Principal activity**
PVCR Limited	England	£1 ordinary	100 %	Recycler of post-consumer PVC waste
WAIVIS Limited	England	£1 ordinary	100 %	Fabrication and sale of tambour door products

PVCR Limited and WAIVIS Limited are both registered at Hill Court, Ross-on-Wye, Herefordshire, HR9 5QN.