Engineering progress
Enhancing lives

REHAU Limited

Annual Report & Consolidated Financial Statements

For the year ended 31 December 2023

Registered number: 00722004

Contents

REHAU LIMITED

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 Rehau Limited (the “Company”) together with its subsidiaries (the “Group”) for the year ended 31 December 2023.

Business Review

Group Operating Profit for the year was £11,754,776 (2022: profit £5,796,289). The Group is now achieving consistently good results and it demonstrates that the strategy followed by the Directors is proving successful. Whilst macro-economic factors will always have an influence on business outcomes the Group has shown it is able to adapt, continue sales growth and maintain profitability levels.

REHAU Limited (Group)

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

The REHAU Group is a polymer specialist with annual sales of around EUR 4 billion. The independent, privately held company has approximately 20,000 employees at more than 190 locations worldwide and operating in more than 50 countries. For more than 75 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, heating and plumbing solutions, district heating and a growing range of renewable energy and water management systems.

REHAU is one of the world’s largest extruders of PVC window profile and were one of the first companies in the UK to produce and sell PVCu window systems. Today one in seven PVCu windows fitted in the UK are made from REHAU profile, making us one of the largest producers of PVCu window and door systems. 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. At REHAU we develop furniture components and cabinetry that reinterprets what is doable today and combines flexible workability with beautiful looks, highest quality and real longevity – with a holistic approach in design and engineering. Because only with peace of mind the true beauty of interiors can reach its full potential.

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 logistics solutions. These principles allow the Company to remain competitive in the marketplace.

REHAU Limited (Company)

The UK Senior Leadership team continued to focus on the key objectives of long-term business development aligned to its ‘Shaping our Future’ five-year vision; this was first launched in 2019 and whilst it is reviewed each year, the objectives and actions it encompasses remain valid. This vision is based on creating a sustainable, profitable and relevant REHAU UK for many years to come. Both our vision and strategy are ambitious, with the Company remaining on course to make our vision a reality. The Senior Management hold routine “all employee team briefing calls”, where amongst other topics, the progress against the set objectives is shared.

Whilst general price inflation remains a concern, commodity and energy prices have stabilised through 2023. This has provided a more certain environment for pricing for ourselves and our customers through the period.

The Company also continues to invest to improve production efficiencies.

Costs continue to be well managed and this combination of increasing turnover, with well managed margins has contributed to healthy profitability in 2023. Looking forward, the Company recognises that building on its' own values of innovation and reliability remains a crucial topic, in being able to maintain the successes of 2023 into future years. The business outlook in 2024 is expected to be more challenging as the UK entered a technical recession at the end of 2023, with construction and manufacturing industries particularly affected.

PVCR Limited

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 PVCu compound in Blaenau Windows Plant. 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.

Investment continues to be made in PVCR to improve process reliability and build capacity. Operational results remained difficult in 2023. Whilst production reliability and volumes have been good, the price of input material has remained at historically very high levels; the impact of this are uncompetitive margins as it is not always possible to recover these additional costs from the end customer. The majority of output is being sold to Group Companies.

Process stability continues to improve with output volumes largely meeting expectation. At the end of 2023 the business focused on improvements in supply chain and in working with strategic partners and the REHAU customer network to better manage the prices of input materials. The expectations for 2024 are that significant progress will be made in moving this part of the business towards a breakeven position.

WAIVIS Limited

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 its core product range.

The Company has had a successful year although not as strong as in 2022. This is due to a slight slowing of market demand from the Company's main customer base. The Company has continued to look for further opportunities within its market, its customer base and broaden its product offering. The employee's efforts along with good managerial support remains a key contributor to the Company's success. The Company had positive operational cash flows during the period. With recent market conditions there is more uncertainty heading into 2024 but the Company is well placed to take advantage of further market opportunities that may arise.

How the Board has complied with its Section 172 duty

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 going into 2024. It is anticipated that the biggest challenge for the business in 2024 will be market conditions arising from the UK entering a technical recession in Q4 2023.

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 principal 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 operates an Integrated Performance and Talent Management (IPTM) programme for all employees. IPTM has clear goals that are aligned to both the global and the 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 bi-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 conducted a Great Place to Work Pulse Survey to gauge employee engagement, for 2023, the survey is anonymous and was completed by 94% of colleagues. This year the group has seen a significant improvement in all areas of the approval rating from colleagues. To ensure neutrality, we conduct regular round table meetings with other members of the Global Group Senior Management Team from outside of the UK operation and offer a confidential email question line to the UK Directors & Senior Management.

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 Limited

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. The Company utilises a hedging strategy to help mitigate short term fluctuations in energy prices.

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 include 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.

UK Economic Market Conditions
The UK entered a technical recession at the end of 2023. Overall market confidence and demand is important for REHAU with products being sold into the manufacturing and construction industries. An overall market decline would likely impact sales performance. To mitigate this risk, specific efforts are made to continue to further expand the customer base and also in developing new products and services for the market. REHAU typical operates within the more premium and specialist segments of the market, which tend to be affected less than commoditised products.

PVCR

This company follows the standard REHAU risk management methodology, whereby risks and mitigating measures are assessed on a routine basis.

Increased Raw material prices
PVCR raw materials are PVC waste streams from the window installation and manufacturing process. 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. There is continued site development and process design is further refined by key specialists from the Groups technical team. With the significant investments and expert knowledge the business is now meeting volume expectations and this is expected to continue through 2024.

Future developments

REHAU Limited

In the main parts of the business, a policy of continuous improvement is being applied to current and future designs, for instance, 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 has 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.

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. Trade with the Company’s sister business in continental Europe continues uninhibited with the free flow of goods without tariffs. These products continue to supplement the UK manufactured goods sold by the Company. The war in Ukraine has brought higher inflation on input materials, bought in products and energy, the Company has sought to limit these effects through a combination of price increases and a program identifying continuing internal production efficiencies.

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. There has been significant growth in turnover, achievable due to improving production stability within the business. There remain challenges for the business specifically in managing input material prices. For 2024, plans have been set out to address the key issues affecting profitability, with an expectation that steady progress will be made on the road to profitability.

WAIVIS

*W*AIVIS continues to show its versatility to adapt to a demanding changing market and also its value of supplying products into the varied different sectors, which brings an added value in uncertain times. 2023 saw stability within the office sector which has historically been the largest segment in our customer base, returning to average 50% of sales with the remainder split across the Medical, Shop fitting and Caravan sectors. Waivis has taken steps to maintain this whilst completing its seamless transfer its customer base to a more environmentally friendly product PP (Polypropylene) taking significant steps to appeal to a client base where sustainability is consistently rising up their agenda.

WAIVIS main focus for 2024 will be on its core System products and its flexible fabrication services and as such will drop the distribution of edgeband from its portfolio. A key focus will be to maximise the potential on key accounts, offering new products that focus on trend ranges (Super Matt) and capture cross selling opportunities from REHAU leads. Waivis will target new customers by harvesting prospects, increasing physical visits and increased investment in its website and Marketing activities for lead generation. Utilisation of our specialised knowledge in fabrication is another channel whereby Waivis can be used to outsource work currently being produced elsewhere. With these strategic changes in place, Waivis is expected to maintain its profitability status in 2024 and has a robust operation ideally placed to diversify and prosper in what may be uncertain times.

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 interiors products, electrical distribution and district heating solutions.

REHAU actively train their end customers through in house training courses and potential specifiers through CPD seminars. The business believes that maintaining customer contact engagement is key to its success.

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.

Key performance indicators

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

Group	**2023**	**2022**
Gross Margin	31.6%	26.4%
Operating Profit/(Loss)	£11,754,776	£5,796,289
Free Cash Flow	£10,068,092	£3,509,429
Company		
Quantity Observance	94.5%	93.8%
Time Observance	88.7%	87.7%

These two metrics illustrate the value that REHAU Limited places on delivering a first-class service to its customers. There has been an improvement in both the 'Time & Quantity Observance' metrics which is being driven by improved raw material supply and resolution of the short-term logistical issues arising post BREXIT.

The Group monitors 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 and signed on its behalf by:

Martin Hitchin
Martin Hitchin (Apr 25, 2024 11:31 GMT+1)

M J Hitchin
Director

The directors present their annual report and the audited consolidated financial statements for REHAU Limited (the "Company") together with its subsidiaries (the "Group") for the year ended 31 December 2023.

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 worldwide 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 PVCu waste. It takes old PVCu windows from buildings and through a series of processes cleans and converts them into PVCu 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 profit after tax for the financial year amounted to £10,578,010 (2022 profit: £3,343,563).

The directors recommend a dividend payment of £4,400,000 for REHAU Ltd to REHAU Verwaltungszentrale, this would be approved and paid in 2024 (2022; £Nil). The Directors have recommended a dividend payment of £90,000 from Waivis Ltd to REHAU Ltd, this would be approved and paid in 2024 (2023: £130,000).

Going concern

The UK Group, incorporating REHAU Limited, WAIVIS and PVCR, finished with an improved net asset position, reflecting the positive results performance. The Directors continue to pay specific attention to the financial management within the business given the overall macro-economic uncertainties including UK recession, commodity prices and conflict within Europe which has significantly increased energy price volatility.

Group Operating Profit for the year was £11,754,776 (2022: £5,796,289). At a profit level this is an improved performance versus 2022. Turnover has grown largely driven by new customer acquisition and pricing has been maintained to cover high input costs. The Directors view the overall performance positively given the levels of economic uncertainty within the UK.

Group net current assets have decreased slightly to £14,611,525 (2022: £14,952,359) and with a cash balance of £4,782,966 (2022: £5,935,864) this provides confidence that there are no short-term cash risks. The Group has been able to repay the full balance on the loan previously owing to its' parent REHAU Verwaltungszentrale.

Business performance is expected to remain stable through 2024. The Company looks to continually work and partner with its customers by improving its product offering and maintaining its core value of “Reliability”, this has been hugely important in an uncertain marketplace.

Current budgets and early performance in 2024 indicate that overall cash reserves within the UK businesses are likely to grow during 2024. 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.

REHAU Limited remains the main profit and cash generative entity within the UK; WAIVIS is profitable and contributed to positive cash generation in 2023. PVCR is not expected to make positive cash contributions until 2025. 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
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 responsibility & 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 26 applications for grants from community groups and awarded £6,580 during 2023.

Following feedback from our colleagues, the Corporate Responsibility Steering Group did not to appoint a new fixed term charity partner in favour of allowing colleagues to support smaller local requests.

Sustainability

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

Emissions information in respect of 2023 are shown in the table below.
The emissions data shown here relates to the REHAU Limited, WAIVIS and PVCR.

Scope	t CO2e	t CH4	t N2O
1. Direct Emissions	952	1	0
2. Energy Supplied Indirectly	-	-	-
3. Other indirect	133	0	0
	1,085	**1**	**0**

2022

Scope	t CO2e	t CH4	t N2O
1. Direct Emissions	907	1	1
2. Energy Supplied Indirectly	-	-	-
3. Other indirect	1,671	0	24
	2,578	**1**	**25**

The large reduction in scope 3 emissions is the adoption of HVO fuel, replacing diesel, for the main fleet used to distribute Window Profiles to customers.

It should be noted the "Other Indirect" category is not complete as freight out for Building Solutions, Furniture solutions and Industrial Solutions is not available from the 3rd party hauliers involved. The Company intend to obtain this information in the future. An additional exercise to capture more wide ranging data is also underway e.g. Employee commuting.

Ratio, tCO2e/COS is 13.2MT (2022: 30.1MT) 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. The reduction from 2022 to 2023 is primarily due to the use of HVO for the Windows Division delivery fleet.

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 3,391MT (2022: 3,074MT), 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 prioritises initiatives to further improve environmental safeguarding and address sustainability challenges. It also examines best practice in monitoring and reporting of environmental and sustainability data across all REHAU UK locations. The Company has now installed Electric Vehicle (EV) charging facilities at all of its freehold sites. The Company launched a Salary Sacrifice scheme where employees can lease an Electric Vehicle (EV) at reduced rates. The scheme is open to all employees and offers a wide range of EV's. With its logistics partner CEVA, the Company has introduced a fleet of trucks that operate on Hydrogenated Vegetable Oil (HVO) and have features such as cameras in place of wing mirrors to improve safety and reduce drag.

The Sustainability Steering Committee has identified three key initiatives to further improve environmental safeguarding and address sustainability challenges.

- Heating at the Ross-on-Wye Head Office site – Option of Ground Source Heat
- Heating at the Blaenau Ffestiniog Windows Manufacturing Plant - Option of Ground Source Heat
- Option of PV Panels to create renewable energy for the Ross-on-Wye, Manchester and Blaenau Ffestiniog company sites.

The company will also continue to examine best practice in monitoring and reporting of environmental and sustainability data across all REHAU UK locations.

Political contributions

The Group and the Company made no political contributions during the year (2022; £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 37 days (2022: 34 days). The increase in creditor days largely arises from a global purchasing project to align 3rd party payments terms & cycles, to the Group standard.

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 Apr 25, 2024 and signed on its behalf by:

Martin Hitchin
Martin Hitchin (Apr 25, 2024 11:31 GMT+1)

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 2023 which comprise 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 flow 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 our opinion the financial statements:

- give a true and fair view of the state of the group’s and of the parent company’s affairs as at 31 December 2023 and of the group’s profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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's and the 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 annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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 their 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 pages 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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 considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, anti-bribery, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the 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.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

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.

Elisa Howe
Elisa Howe (Apr 26, 2024 09:14 GMT+1)

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

Date Apr 26, 2024

REHAU LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £	2022 £
Revenue	4	120,141,339	116,352,952
Cost of sales		(82,151,784)	(85,414,326)
Gross profit		**37,989,555**	**30,938,626**
Distribution costs		(7,122,443)	(7,290,910)
Administrative expenses before exceptional items		(20,559,963)	(19,281,373)
Exceptional administrative expenses	5	-	(156,000)
Total administrative expenses		**(20,559,963)**	**(19,437,373)**
		10,307,149	**4,210,343**
Other operating income	6	1,447,627	1,585,946
Operating profit/(loss)	6	**11,754,776**	**5,796,289**
Interest receivable and similar income	10	78,086	3,167
Interest payable and similar expenses	11	(1,220,989)	(946,852)
Other finance costs - pensions	12	(79,000)	(251,000)
Profit/(Loss) before taxation		**10,532,873**	**4,601,604**
Tax on profit	13	45,137	(1,258,041)
Profit/(Loss) for the financial year		**10,578,010**	**3,343,563**
Other comprehensive (expense)/income			
Actuarial (loss)/gain on defined benefit pension scheme	25	(621,914)	9,662,004
Movement of deferred tax relating to pension liability	13	155,479	(2,415,501)
Total other comprehensive (expense)/income for the year		**(466,435)**	**7,246,503**
Total comprehensive income for the year		**10,111,575**	**10,590,066**
Profit/(Loss) for the financial year attributable to the owners of the parent company:			
Owners of the parent Company		10,578,010	3,343,563
Profit/(Loss) for the financial year		**10,578,010**	**3,343,563**
Total comprehensive income for the year attributable to the owners of the parent company:			
Owners of the parent Company		10,111,575	10,590,066
Total comprehensive income for the year		**10,111,575**	**10,590,066**

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

REHAU LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2023

	Note		**2023** **£**		**2022** **£**
Fixed assets					
Intangible assets	14		193,077		110,892
Tangible assets	15		13,057,649		14,471,079
			13,250,726		**14,581,971**
Current assets					
Inventories	17	18,579,809		19,890,954	
Debtors: amounts falling due within one year	18	8,021,313		6,894,386	
Debtors: amounts falling due after one year	18	312,000		691,998	
Cash at bank and in hand	19	4,782,966		5,935,864	
		31,696,088		**33,413,202**	
Creditors: amounts falling due within one year	20	(17,084,563)		(18,460,843)	
Net current assets			**14,611,525**		**14,952,359**
Total assets less current liabilities			**27,862,251**		**29,534,330**
Creditors: amounts falling due after more than one year	21		-		(10,000,000)
Provisions for liabilities					
Provision for deferred tax		(1,296,452)		(1,645,513)	-
Other provisions	24	(1,322,382)		(1,236,893)	
			(2,618,834)		**(2,882,406)**
Net assets excluding pension liability			**25,243,417**		**16,651,924**
Pension liability	25		(1,248,000)		(2,768,082)
Net assets			**23,995,417**		**13,883,842**
Capital and reserves					
Called up share capital	26		26,900,000		26,900,000
Profit and loss account	27		(2,904,583)		(13,016,158)
Total shareholders' funds			**23,995,417**		**13,883,842**

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

Martin Hitchin
Martin Hitchin (Apr 25, 2024 11:31 GMT+1)

M J Hitchin

Director

Date: 25 April 2024

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

REHAU LIMITED
COMPANY BALANCE SHEET
REGISTERED NUMBER: 00722004
AS AT 31 DECEMBER 2023

	Note		2023 £		2022 £
Fixed assets					
Intangible assets	14		193,077		110,892
Tangible assets	15		11,244,374		12,289,542
Investments	16		2,153,408		2,153,408
			13,590,859		**14,553,842**
Current assets					
Inventories	17	17,592,711		19,254,967	
Debtors: amounts falling due within one year	18	8,478,549		8,257,794	
Debtors: amounts falling due after one year	18	312,000		691,998	
Cash at bank and in hand	19	4,148,305		4,993,429	
		30,531,565		**33,198,188**	
Creditors: amounts falling due within one year	20	(16,510,325)		(18,340,014)	
Net current assets			**14,021,240**		**14,858,173**
Total assets less current liabilities			**27,612,099**		**29,412,015**
Creditors: amounts falling due after more than one year	21		-		(10,000,000)
Provisions for liabilities					
Provision for deferred tax		(1,296,452)		(1,645,513)	
Other provisions	24	(1,036,965)		(947,303)	
			(2,333,417)		**(2,592,816)**
Net assets excluding pension liability			**25,278,682**		**16,819,199**
Pension liability	25		(1,248,000)		(2,768,082)
Net assets			**24,030,682**		**14,051,117**
Capital and reserves					
Called up share capital	26		26,900,000		26,900,000
Profit and loss account	27		(2,869,318)		(12,848,883)
Total shareholders' funds			**24,030,682**		**14,051,117**
Company's profit for the financial year			**10,446,000**		**3,448,390**

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

Martin Hitchin
Martin Hitchin (Apr 25, 2024 11:31 GMT+1)

M J Hitchin Director

Date: 25 April 2024

REHAU LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up Share capital	Profit and loss account	Total shareholders' Funds
At 1 January 2022	**26,900,000**	**(23,606,223)**	**3,293,777**
Comprehensive income/(expense) for the year			
Profit for the financial year	-	3,343,563	**3,343,563**
Actuarial gain on pension scheme	-	9,662,004	**9,662,004**
Movement of deferred tax relating to pension liability	-	(2,415,501)	**(2,415,501)**
Total other comprehensive income for the year	**-**	**7,246,503**	**7,246,503**
Total comprehensive income for the year	**-**	**10,590,066**	**10,590,066**
At 31 December 2022 and 1 January 2023	**26,900,000**	**(13,016,157)**	**13,883,843**
Comprehensive income/(expense) for the year			
Profit for the financial year	-	10,578,010	**10,578,010**
Actuarial loss on pension scheme	-	(621,914)	**(621,914)**
Movement of deferred tax relating to pension liability	-	155,479	**155,479**
Total other comprehensive income for the year	**-**	**(466,435)**	**(466,435)**
Total comprehensive income for the year	**-**	**10,111,575**	**10,111,575**
At 31 December 2023	**26,900,000**	**(2,904,582)**	**23,995,418**

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

REHAU LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up Share capital	Profit and loss account	Total shareholders' funds
At 1 January 2022	**26,900,000**	**(23,543,775)**	**3,356,225**
Comprehensive (expense)/income for the year			
Profit for the financial year	-	3,448,390	**3,448,390**
Actuarial profit on pension scheme	-	9,662,004	**9,662,004**
Movement of deferred tax relating to pension liability	-	(2,415,501)	**(2,415,501)**
Total other comprehensive income for the year	**-**	**7,246,503**	**7,246,503**
Total comprehensive income for the year	**-**	**10,694,893**	**10,694,893**
At 31 December 2022 and 1 January 2023	**26,900,000**	**(12,848,882)**	**14,051,118**
Comprehensive (expense)/income for the year			
Profit for the financial year	-	10,446,000	**10,446,000**
Actuarial loss on pension scheme	-	(621,914)	**(621,914)**
Movement of deferred tax relating to pension liability	-	155,479	**155,479**
Total other comprehensive income for the year	**-**	**(466,435)**	**(466,435)**
Total comprehensive income for the year	**-**	**9,979,565**	**9,979,565**
At 31 December 2023	**26,900,000**	**(2,869,317)**	**24,030,683**

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

REHAU LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £	2022 £
Cash flows from operating activities		
Profit for the financial year	10,578,010	3,343,563
Adjustments for:		
Amortisation of intangible assets	35,878	29,718
Depreciation of tangible assets	2,622,717	2,933,215
Impairment of financial assets	-	-
Impairment of tangible assets	-	156,000
Gain on disposal of tangible assets	7,020	(494,451)
Amortisation of government grants	-	-
(Increase)/Decrease in Inventories	1,311,145	(23,288)
Interest charge	1,299,990	1,197,852
Interest received	(78,086)	(3,167)
Taxation (credit)/charge	(45,137)	1,258,041
Decrease/(Increase) in debtors	(778,617)	(4,440,751)
Increase in creditors	(1,376,280)	1,859,119
Increase/(decrease) in provisions	85,489	658,288
Difference between defined benefits pension charge and cash contributions	(2,220,996)	(2,220,914)
Decrease/(Increase) in deferred tax asset	(349,061)	1,645,513
Corporation tax (paid)/refunded	232,304	(73,776)
Net cash (used in)/ generated from operating activities	**11,324,376**	**5,824,962**
Purchase of tangible fixed assets	(1,219,019)	(1,906,512)
Purchase of intangible fixed assets	(118,063)	(96,846)
Sale of tangible fixed assets	2,712	631,510
Interest received	78,086	3,167
Net cash used in investing activities	**(1,256,284)**	**(1,368,681)**
Cash flows from financing activities		
Repayment of company loan	(10,000,000)	-
Interest paid	(1,220,990)	(946,852)
Net cash generated from financing activities	**(11,220,990)**	**(946,852)**
Net (decrease)/increase in cash and cash equivalents	(1,152,898)	3,509,429
Cash and cash equivalents at beginning of year	5,935,864	2,426,435
Cash and cash equivalents at the end of year	**4,782,966**	**5,935,864**
Cash and cash equivalents at the end of year comprise		
Cash at bank and in hand	4,782,996	5,935,864
Bank Overdraft	-	-
	4,782,966	**5,935,864**

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 the Group and its own subsidiaries ("the Group") as if 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 exemptions within FRS102 that means disclosure of a separate profit and loss statement and cash flow statement at a Company level are not required.

2.3 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 from the date of signing of these accounts 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 further improved its net asset position during 2023 and has decreased its cash reserves. Group Operating Profit for the year 2023 was £11,754,776 (2022: profit £5,796,289). Net current assets remain substantially positive at £14,611,525 (2022: £14,952,359) and with a cash balance of £4,782,966 (2022: £5,935,864) thus in the event of any downturn the company holds sufficient cash reserves to mitigate a potential loss.

Current budgets and early performance in 2024 would indicate that overall cash reserves with the UK businesses will grow during 2024. 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.

2. Accounting policies (continued)

2.4 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; and
  - 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.

2.5 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	-	20%

2.6 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.

2. Accounting policies (continued)

2.6 Tangible assets (continued)

Depreciation is provided on the following bases:

Land and buildings	- No depreciation on land. Buildings 2% to 13% p.a. on cost.
Plant and machinery	- 10% to 50% p.a. on straight line
Motor vehicles	- 25% p.a. on cost
Office equipment, furniture and fittings	- 20% to 33% p.a. 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.

2.7 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.

2.8 Impairment of tangible and intangible assets

The Group & 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.

2.9 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. Accounting policies (continued)

2.10 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 weighted average cost. 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.

2.11 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.

2.12 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.

2.13 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.

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.

2. Accounting policies (continued)

2.14 Financial instruments (continued)

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.

2.15 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.

2.16 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 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. Accounting policies (continued)

2.17 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.

2.18 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 payment 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 other comprehensive income. 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.

2.19 Interest income

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

2. Accounting policies (continued)

2.20 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.

2.21 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.

2.22 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.

2.23 Equity and reserves

Share capital 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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Inventory provisioning

The Group & 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 to 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 its 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 costs 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:

	2023	2022
	£	£
United Kingdom	116,900,151	112,885,370
Rest of Europe	3,227,514	3,340,507
Rest of the world	13,674	127,075
	120,141,339	**116,352,952**

5. Exceptional administrative expenses

	2023	2022
	£	£
Impairment of Assets in Subsidiary	-	156,000
	-	**156,000**

The Group did not incur any exceptional expenses during 2023.

The Group makes routine assessment of its assets and their value in use. The subsidiary PVCR Ltd is substantially loss making. Based on the known performance and prudent estimation of future cash flows an impairment calculation was performed in both 2023 and 2022. The result of the impairment test was that there was no requirement to impair assets in the 2023 period (2022: £156,000).

6. Operating profit

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

	2023	2022
	£	£
Depreciation of tangible fixed assets	2,622,717	2,933,214
Amortisation of intangible assets	35,878	29,716
Inventory recognised as an expense	73,431,448	78,314,430
Exchange differences	61,998	311,493
Operating lease rentals	2,187,328	1,980,160
Loss/(Gain) on disposal of fixed assets	7,020	(494,452)
Impairment charge – tangible assets (note 5)	-	156,000

Administrative expenses include recharges from associated companies within the REHAU worldwide group for administration, computing services and brand licensing of £4,478,946 (2022: £3,703,812).

Other operating income is £1,447,627 (2022: £1,585,946) primarily relating to service charges to fellow group companies.

7. Auditors' remuneration

	2023	2022
	£	£
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	86,880	78,100

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

8. Employees

Staff costs were as follows:

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Wages and salaries	16,539,664	15,777,262	15,070,987	14,344,569
Social security costs	1,926,637	1,991,623	1,761,989	1,839,644
Other pension costs	1,058,632	987,664	1,012,322	941,402
	19,524,933	**18,756,549**	**17,845,299**	**17,125,615**

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

	Group 2023	Group 2022	Company 2023	Company 2022
	No.	No.	No.	No.
Production	230	242	197	208
Administration and selling	193	189	184	180
	423	**431**	**381**	**388**

9. Directors' remuneration

	2023	2022
	£	£
Directors' emoluments	622,506	558,566
Company contributions to defined contribution pension schemes	41,965	24,435
	664,471	**583,000**

During the year, retirement benefits were accruing to 3 directors (2022: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £306,644 (2022: £249,783).

The company paid £16,049 in 2023 to the defined contribution pension scheme in respect of the highest paid director (2022: £Nil).

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 £908,483 (2022: £1,019,753).

10. Interest receivable and similar income

	2023	2022
	£	£
Other interest receivable	78,086	3,167
	78,086	**3,167**

Average Intercompany interest rate 6.48% for 2023 (2022: 4.06%).

11. Interest payable and similar expenses

	2023	2022
	£	£
Bank and loan interest payable	410,261	498,919
Other interest payable	810,728	447,933
	1,220,989	**946,852**

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 6.48% for 2023 (2022: 4.78%).

12. Other finance costs

	2023	2022
	£	£
Net interest on net defined benefit pension liability	79,000	251,000

13. Tax on profit

Tax expense included in profit

	2023 £	2022 £
Corporation tax		
Current tax on profit for the year	659,122	51,405
Adjustments in respect of prior years	(31,831)	-
Foreign CT on profit for year	45,104	22,371
Total current tax	**672,395**	**73,776**
Deferred tax		
Origination and reversal of timing differences	(553,818)	-
Adjustments in respect of prior years	(172,918)	-
Effect of tax rate change on opening balance	-	492,501
Adjustments in respect of ACA	9,204	691,764
Total deferred tax	**(717,532)**	**1,184,265**
Total tax	**(45,137)**	**1,258,041**

Tax income/(expense) included in other comprehensive (expense)/income

	2023 £	2022 £
Deferred tax on OCI	155,479	(2,415,501)
Total tax income/(expense) included in OCI	**155,479**	**(2,415,501)**

Factors affecting tax charge for the year

The tax assessed for the year is **lower than** (2022 - higher than) the standard rate of corporation tax in the UK of **23.5%** (2022 – 19%). The differences are explained below:

	2023 £	2022 £
Profit before taxation	**10,532,873**	**4,601,604**
Profit before taxation multiplied by applicable UK corporation tax rate of 23.52% (2022 – 19%)	2,477,401	874,305
Effects of:		
Fixed asset differences	108,176	373,236
Expenses not deductible for tax purposes	145,768	50,129
Other permanent differences	-	408
Adjustments to tax charge in respect of previous periods	13,273	54,202
Adjustments to tax charge in respect of previous periods - deferred tax	(172,919)	101,254
Tax losses not recognised	(2,669,688)	(455,410)
Remeasurement of deferred tax for changes in tax rates	52,852	259,917
Total tax charge for the year	**(45,137)**	**1,258,041**

Tax on profit (continued)

Factors influencing the effective tax rate

As a result of the increase in the UK corporation tax rate from 19% to 25% from 1 April 2023, the applicable UK corporation tax rate for the year ended 31 December 2023 is 23.52%.

14. Intangible assets

Group

	Software
	£
Cost	
At 1 January 2023	**582,334**
Additions	**112,433**
Transfer	**5,630**
Disposals	**-**
At 31 December 2023	**700,396**
Accumulated amortisation	
At 1 January 2023	**471,439**
Charge for the year	**35,878**
Disposals for the year	**-**
At 31 December 2023	**507,319**
Net book value	
At 31 December 2022	**110,892**
At 31 December 2023	**193,077**

Company

	Software
	£
Cost	
At 1 January 2023	**582,334**
Additions	**112,433**
Transfer	**5,630**
Disposals	**-**
At 31 December 2023	**700,397**
Accumulated amortisation	
At 1 January 2023	**471,442**
Charge for the year	**35,878**
Disposals for the year	**-**
At 31 December 2023	**507,320**
Net book value	
At 31 December 2022	**110,892**
At 31 December 2023	**193,077**

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 2023	**34,928,762**	**37,184,729**	**146,521**	**4,906,351**	**532,489**	**77,698,852**
Additions	**71,090**	**951,488**	**-**	**28,529**	**173,542**	**1,224,649**
Transfer	**98,619**	**316,880**	**-**	**-**	**(421,129)**	**(5,630)**
Disposals	**(23,281)**	**(473,869)**	**-**	**(1,635)**	**-**	**(498,785)**
At 31 December 2023	**35,075,190**	**37,979,228**	**146,521**	**4,933,245**	**284,902**	**78,419,086**
Accumulated Depreciation						
At 1 January 2023	**31,785,478**	**26,698,569**	**139,094**	**4,604,632**	**-**	**63,227,772**
Charge for the year	**436,813**	**2,115,653**	**3,715**	**66,536**	**-**	**2,622,717**
Impairment	**-**	**-**	**-**	**-**	**-**	**-**
Disposals	**(23,281)**	**(464,137)**	**-**	**(1,635)**	**-**	**(489,053)**
At 31 December 2023	**32,199,010**	**28,350,085**	**142,809**	**4,669,533**	**-**	**65,361,437**
Net book value						
At 31 December 2023	**2,876,180**	**9,629,143**	**3,712**	**263,712**	**284,902**	**13,057,649**
At 31 December 2022	**3,143,284**	**10,486,160**	**7,427**	**301,719**	**532,489**	**14,471,079**

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 2023	34,571,199	31,900,974	167,845	4,313,444	532,490	71,485,952
Additions	32,522	914,985	-	22,979	173,542	1,144,028
Transfer	98,619	316,880	-	-	(421,129)	(5,630)
Disposals	(23,281)	(473,869)	-	(1,635)	-	(498,785)
At 31 December 2023	34,679,059	32,658,970	167,845	4,334,788	284,903	72,125,565
Accumulated Depreciation						
At 1 January 2023	31,444,204	23,521,296	160,418	4,070,491	-	59,196,409
Charge for the year	415,711	1,704,366	3,715	50,043	-	2,173,835
Disposals	(23,281)	(464,137)	-	(1,635)	-	(489,053)
At 31 December 2023	31,836,634	24,761,525	164,133	4,118,899	-	60,881,191
Net book value						
At 31 December 2023	2,842,425	7,897,445	3,712	215,889	284,903	11,244,374
At 31 December 2022	3,126,994	8,379,678	7,427	242,953	532,490	12,289,542

16. Investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2023	**11,253,408**
Additions	**-**
At 31 December 2023	**11,253,408**
Impairment	
At 1 January 2023	**9,100,000**
Impairment charge	**-**
At 31 December 2023	**9,100,000**
Net book value	
At 31 December 2022	**2,153,408**
At 31 December 2023	**2,153,408**

The directors assess if the carrying amount of the investments recorded by the Group and the Company are supported by the underlying assets. An impairment occurred in the prior year which related to investment in the subsidiary PVCR Limited (2022: £156,000). Whilst the subsidiary remains loss making, there is no impairment in the current year. The subsidiaries of the Company are disclosed in note 34.

17. Inventories

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Raw materials and consumables	3,529,673	3,577,777	2,746,711	3,067,911
Finished goods and goods for resale	15,050,136	16,313,177	14,846,000	16,187,056
	18,579,809	**19,890,954**	**17,592,711**	**19,254,967**

Inventories for the GROUP are stated after provisions of £575,670 (2022: £490,844).
Inventories for the COMPANY are stated after provisions of £539,359 (2022: £473,588).
The difference between the purchase price or production cost of inventories and their replacement cost is not material.

18. Debtors

Debtors: amounts falling due within one year

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Trade debtors	6,172,065	6,126,062	5,833,510	5,807,264
Amounts owed by group undertakings	370,011	284,162	2,201,374	2,151,374
Corporation Tax	892,625	31,831	7,500	31,831
Other debtors	42,549	9,129	42,139	8,033
Prepayments and accrued income	544,063	443,203	394,026	259,292
	8,021,313	**6,894,387**	**8,478,549**	**8,257,794**

Trade debtors for GROUP and COMPANY are stated after provisions for impairment of £145,632 (2022: £1,498,584).
The amounts owed by group undertakings are unsecured and are typically settled in the month following the invoice date.

Debtors: amounts falling due after one year

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Deferred tax asset (note 23)	312,000	691,998	312,000	691,998
	312,000	**691,998**	**312,000**	**691,998**

In 2023, the deferred tax balance of £312,000 relates to the defined benefit pension scheme. In 2022 the deferred tax balance of £691,998 comprised entirely of the defined benefit pension scheme deferred tax asset.

19. Cash at bank and in hand

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Cash at bank and in hand	**4,782,966**	**5,935,864**	**4,148,305**	**4,993,429**

20. Creditors: Amounts falling due within one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade creditors	5,080,729	5,125,825	4,767,256	4,762,440
Amounts owed to group undertakings	3,232,158	5,232,010	3,481,366	5,926,133
Corporation tax charge	-	55,412	-	55,412
Other taxation and social security	2,265,048	2,798,886	2,212,320	2,675,549
Accruals and deferred income	6,506,628	5,248,710	6,049,383	4,920,482
	17,084,563	**18,460,843**	**16,510,325**	**18,340,015**

Of the amounts owed to group undertakings £3,232,158 (2022: £5,232,010) are intercompany trade creditors which are unsecured, are typically settled in the month following the invoice date and are non-interest bearing. The bank overdraft facility is secured by a parental guarantee.

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

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Amounts owed to group undertakings	-	10,000,000	-	10,000,000
	-	**10,000,000**	**-**	**10,000,000**

An interest-bearing loan from REHAU Verwaltungszentrale AG was repaid in full during the year. The loan was unsecured, and the average interest rate was 6.48% for 2023 (2022: 4.78%).

22. Financial instruments

	Group 2023 £	As Restated Group 2022 £	Company 2023 £	As Restated Company 2022 £
Financial assets that are debt instruments measured at amortised cost	**7,477,250**	**6,451,184**	**8,084,523**	**7,998,502**
Financial liabilities measured at amortised cost	**(14,819,515)**	**(25,661,957)**	**(14,298,005)**	**(25,664,466)**

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.
The 2022 Financial instruments assets & liabilities for the group and company has been restated following a misclassification of amounts owed from and to tax authorities for corporation tax.

23. Deferred taxation

Group

	Deferred tax
	£
At 1 January 2023	**(945,265)**
Credited to the profit or loss	**(31,688)**
Charged to other comprehensive income	**-**
At 31 December 2023	**(976,953)**

Company

	Deferred tax
	£
At 1 January 2023	**(945,265)**
Charged to the profit or loss	**(31,688)**
Credited to other comprehensive income	**-**
At 31 December 2023	**(976,953)**

The deferred tax asset is made up of:

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Accelerated capital allowances	(1,296,452)	(1,645,513)	(1,296,452)	(1,645,513)
Other short term timing differences	7,500	8,250	7,500	8,250
Pension	312,000	691,998	312,000	691,998
	(976,952)	**(945,265)**	**(976,952)**	**(945,265)**

Comprising

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Asset	319,500	700,248	319,500	700,248
Liability	(1,296,452)	(1,645,513)	(1,296,452)	(1,645,513)
	(976,952)	**(945,265)**	**(976,952)**	**(945,265)**

24. Other provisions

Group

	Warranty provision	Dilapidations provision	Total
	£	£	£
At 1 January 2023	**452,625**	**784,268**	**1,236,893**
Charged/(credited) to the profit or loss	**270,909**	**40,429**	**311,338**
Utilised in year	**(225,849)**	**-**	**(225,849)**
At 31 December 2023	**497,685**	**824,697**	**1,322,382**

Company

	Warranty provision	Dilapidations provision	Total
	£		£
At 1 January 2023	**452,625**	**494,678**	**947,303**
Charged/(Credited) to the profit or loss	**270,909**	**44,603**	**315,512**
Utilised in year	**(225,849)**	**-**	**(225,849)**
At 31 December 2023	**497,685**	**539,281**	**1,036,966**

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 Credit to the Profit and loss relates to costs being below the originally anticipated value, these credits are included within administrative expenses.

Dilapidation provisions relate to obligations on leasehold properties.

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 £954,596 (2022: £941,402).

This includes a scheme with Aviva relating to the Irish Sales Office which had a charge of £7,500 (2022: £8,728). The WAIVIS Limited defined contribution scheme had a charge of £8,627 (2022: £8,946). The PVCR Limited defined contribution scheme had a charge of £37,683 (2022: £36,262).

The cost stated above are direct pension costs. ‘Other pension costs’ stated in Note 8 also contains Life Assurance cost and trustee costs.

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 2022. At this date the market value of the assets was £62,675,000. As the scheme is closed to future accrual there is no current service cost

Composition of plan assets:

	2023 £	2022 £
Equities	13,736,000	13,051,000
Gilts & Liability Driven Investments (LD)	11,954,000	9,274,000
Cash	728,000	244,000
Property Funds	1,964,000	-
Corporate bonds	15,898,000	16,308,000
Infrastructure Funds	2,480,000	-
Insured Annuities	1,156,000	1,209,000
Total plan assets	**47,916,000**	**44,679,000**

	2023 £	2022 £
Fair value of plan assets	47,916,000	44,679,000
Present value of plan liabilities	(49,164,000)	(47,447,082)
Net pension scheme liability	**(1,248,000)**	**(2,768,082)**

25. Pension commitments (continued)

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

	2023 £	2022 £
Net interest on obligation	(79,000)	(251,000)
Past Service costs	-	-
Actual return on scheme assets	(79,000)	(251,000)

Reconciliation of fair value of plan liabilities were as follow:

	2023 £	2022 £
Opening defined benefit obligation	(47,447,082)	(77,075,000)
Interest cost	(2,200,000)	(1,434,000)
Actuarial (loss)/gain	(1,322,000)	28,615,082
Benefits paid	1,825,000	2,447,000
Closing defined benefit obligation	**(49,164,000)**	**(47,447,082)**

Reconciliation of fair value of plan assets were as follows:

	2023 £	2022 £
Opening fair value of scheme assets	44,679,000	62,675,000
Interest income on plan assets	2,141,000	1,183,000
Contributions by employer	2,221,000	2,221,000
Actuarial gain / (loss)	700,000	(18,953,000)
Benefits paid	(1,825,000)	(2,447,000)
	47,916,000	**44,679,000**

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

	2023 %	2022 %
Discount rate	4.51	4.77
Future pension increases		
Fixed increases	5.0	5.0
RPI, max 5% pa	3.16	2.53
Rate of increases for pensions in deferment	2.41	2.53
Inflation assumption (CPI)	2.41	2.50

25. Pension commitments (continued)

	2023	2022
- for a male aged 65 now	20.5	21.0
- at 65 for a male aged 45 now	21.7	22.3
- for a female aged 65 now	22.9	23.4
- at 65 for a female member aged 45 now	24.3	24.8

26. Called up share capital

Group and Company

	2023	2022
	£	£
Allotted, called up and fully paid		
26,900,000 (2022: 26,900,000) Ordinary shares of £1 (2022: £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 Group/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 £10,446,000 (2022: £3,448,390).

29. Capital commitments

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

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Contracted for but not provided in these financial statements	453,701	824,494	400,816	803,573

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 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Not later than 1 year	1,317,611	1,283,120	960,478	828,102
Later than 1 year and not later than 5 years	3,432,090	3,438,315	3,432,090	3,027,364
Later than 5 years	-	708,567	-	708,567
TOTAL	**4,749,701**	**5,430,002**	**4,392,568**	**4,564,033**

31. Other financial commitments

The bank overdrafts of the subsidiary entities WAIVIS Limited and PVCR Limited are secured by a Composite Unlimited Multilateral Guarantee dated 17 June 2010 given by the parent company, REHAU Limited.

32. Related party transactions

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

	2023	As restated 2022
	£	£
Sales	9,638,602	8,443,000
Purchases	53,757,081	60,702,068
Guarantee fees	159,019	156,960
Interest cost	410,088	478,375

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

The 2022 purchases value has been adjusted for comparability and to incorporate the impact of a miscalculation (2022: £89,801,218 versus £60,702,068). The purchases include a licence fee and commission of £1,391,482 (2022: £1,014,134). All related party transactions are with other Group companies that are 100% owned by the REHAU Group.

33. Ultimate parent undertaking and controlling 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.

34. 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 5Q.