

Company Registration No. 05343342 (England and Wales)

**AQUAPAK POLYMERS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
**PAGES FOR FILING WITH REGISTRAR**

## **AQUAPAK POLYMERS LIMITED**

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**AQUAPAK POLYMERS LIMITED****BALANCE SHEET****AS AT 31 DECEMBER 2020**

|   | Notes | 2020                |                     | 2019<br>as restated |                     |
|---|-------|---------------------|---------------------|---------------------|---------------------|
|   |       | £                   | £                   | £                   | £                   |
| <b>Fixed assets</b>                                   |       |                     |                     |                     |                     |
| Tangible assets                                       | 3     |                     | 4,286,335           |                     | 4,205,955           |
| <b>Current assets</b>                                 |       |                     |                     |                     |                     |
| Stocks  |       | 277,503             |                     | 309,316             |                     |
| Debtors   | 4     | 1,300,535           |                     | 1,286,129           |                     |
| Cash at bank and in hand                              |       | 100,158             |                     | 122,726             |                     |
|   |       | <u>1,678,196</u>    |                     | <u>1,718,171</u>    |                     |
| <b>Creditors: amounts falling due within one year</b> | 5     | <u>(22,902,264)</u> |                     | <u>(17,745,214)</u> |                     |
| <b>Net current liabilities</b>                        |       |                     | <u>(21,224,068)</u> |                     | <u>(16,027,043)</u> |
| <b>Net liabilities</b>                                |       |                     | <u>(16,937,733)</u> |                     | <u>(11,821,088)</u> |
| <b>Capital and reserves</b>                           |       |                     |                     |                     |                     |
| Called up share capital                               |       |                     | 393,412             |                     | 393,412             |
| Profit and loss reserves                              |       |                     | <u>(17,331,145)</u> |                     | <u>(12,214,500)</u> |
| <b>Total equity</b>                                   |       |                     | <u>(16,937,733)</u> |                     | <u>(11,821,088)</u> |

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 8 December 2021 and are signed on its behalf by:

J Attfield  
Director

Company Registration No. 05343342

## AQUAPAK POLYMERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

##### Company information

Aquapak Polymers Limited is a private company limited by shares incorporated in England and Wales. The registered office is Hollymoor Point, Hollymoor Way, Northfield, Birmingham, B31 5HE.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### 1.2 Going concern

Aquapak is a technical polymer company as has been developing its platform technology based around a single polymer Polyvinylalcohol (PVOH) for almost a decade now. The Company has been set up to focus on research and development of new polymers, technology transfer packages and on the fully scalable production of pellets for resale to the mainstream packaging industry. The Company has been predominantly funded by private equity shareholders, with regular funding rounds being completed during that time to take the technology to its next stage of development. The Company has a broad range of collaborations, including some with global brands and retailers, to replace unrecyclable and environmentally damaging complex plastic packaging with new packaging designs that are functional in primary use but recyclable or biodegradable at end of life, breaking down harmlessly on land and in the sea.

The Company has achieved a modest level of product revenues to validate its technology and early markets, and to underpin the technical and environmental claims of its technology with comprehensive data sets. The Directors believe that the Company will soon start to achieve more substantial revenues from new product launches planned during 2022, supplemented by revenues from technology partners, grants and incentives. Given the funding received during the period 01 January 2021 to the date of the approval of the accounts, the Directors are satisfied, that adopting the going concern basis of accounting, for the year ended 31 December 2020, is appropriate.

We also refer to note 7 in the accounts which discloses the after date transaction which transferred the parent company loan, currently shown as creditors due within one year, into share capital.

##### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**AQUAPAK POLYMERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****1 Accounting policies (Continued)****1.4 Research and development expenditure**

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

**1.5 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                              |                               |
|------------------------------|-------------------------------|
| Leasehold land and buildings | Straight line over 10 years   |
| Plant and equipment          | Straight line over 5/10 years |
| Computers                    | Reducing balance at 33.33%    |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

**1.6 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.7 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

## AQUAPAK POLYMERS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

#### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

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**AQUAPAK POLYMERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****1 Accounting policies****(Continued)****Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

**Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

**1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.14 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

**1.15 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

**2 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

|       | <b>2020</b>       | <b>2019</b>       |
|-------|-------------------|-------------------|
|       | <b>Number</b>     | <b>Number</b>     |
| Total | 39                | 24                |
|       | <u>          </u> | <u>          </u> |

## AQUAPAK POLYMERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## FOR THE YEAR ENDED 31 DECEMBER 2020

## 3 Tangible fixed assets

|                                    | Land and<br>buildings | Plant and<br>machinery etc | Total     |
|------------------------------------|-----------------------|----------------------------|-----------|
|                                    | £                     | £                          | £         |
| <b>Cost</b>                        |                       |                            |           |
| At 1 January 2020                  | 301,650               | 4,244,555                  | 4,546,205 |
| Additions                          | -                     | 542,181                    | 542,181   |
| At 31 December 2020                | 301,650               | 4,786,736                  | 5,088,386 |
| <b>Depreciation and impairment</b> |                       |                            |           |
| At 1 January 2020                  | -                     | 340,250                    | 340,250   |
| Depreciation charged in the year   | 30,165                | 431,636                    | 461,801   |
| At 31 December 2020                | 30,165                | 771,886                    | 802,051   |
| <b>Carrying amount</b>             |                       |                            |           |
| At 31 December 2020                | 271,485               | 4,014,850                  | 4,286,335 |
| At 31 December 2019                | 301,650               | 3,904,305                  | 4,205,955 |

## 4 Debtors

|   | 2020      | 2019      |
|---|-----------|-----------|
|   | £         | £         |
| <b>Amounts falling due within one year:</b> |           |           |
| Trade debtors                               | 118,811   | 54,397    |
| Corporation tax recoverable                 | 845,453   | 389,453   |
| Other debtors                               | 336,271   | 842,279   |
|   | 1,300,535 | 1,286,129 |

**AQUAPAK POLYMERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****5 Creditors: amounts falling due within one year**

|                                    | 2020              | 2019              |
|------------------------------------|-------------------|-------------------|
|                                    | £                 | £                 |
| Bank loans                         | 4,045,000         | 4,045,000         |
| Trade creditors                    | 471,354           | 586,829           |
| Amounts owed to group undertakings | 18,075,468        | 13,029,453        |
| Taxation and social security       | 67,582            | 42,523            |
| Other creditors                    | 242,860           | 41,409            |
|                                    | <u>22,902,264</u> | <u>17,745,214</u> |

The Revolving Credit Facility (RCF shown as bank loan above) has been guaranteed (to £4,000,000) by Systems ADI Group Ltd in favour of Barclays Bank PLC.

Systems ADI Group Ltd have also been included as an initial guarantor on the lease of the Hollymoor Point site, which Aquapak Polymers Limited treats as its' registered office.

On 22 March 2021 there was an issue of share capital amounting to 39,341,210 A Ordinary shares and 3 Ordinary shares. The proceeds of this issue came from the capitalisation of all amounts owed by Aquapak polymers Limited to Aquapak Hydropolymers Limited up to 22 March 2021. As at 31 December 2020 the amount included in 'amounts owed to group undertakings' that was subsequently capitalised was £18,075,468 (2019: £13,029,453)

**6 Audit report information**

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was qualified and the auditor reported as follows:

**Qualified opinion - Limitation of scope**

We have audited the financial statements of Aquapak Polymers Limited (the 'company') for the year ended 31 December 2020 which comprise , the balance sheet and notes to the financial statements, including 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, except for the effects of the matter described in the "Basis for Qualified Opinion paragraph", the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss 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 qualified opinion**

We were appointed as auditors of the company after the year-end meaning that we had not attended year-end stocktakes, and therefore cannot verify any of the stock quantities provided by the company.

The senior statutory auditor was Frances Clapham and the auditor was CK Audit.

**AQUAPAK POLYMERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****7 Operating lease commitments****Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

| 2020           | 2019           |
|----------------|----------------|
| £              | £              |
| 457,836        | 498,886        |
| <u>457,836</u> | <u>498,886</u> |

**8 Events after the reporting date**

On 22 March 2021 there was an issue of share capital amounting to 39,341,210 A Ordinary shares and 3 Ordinary shares. The proceeds of this issue came from the capitalisation of all amounts owed by Aquapak polymers Limited to Aquapak Hydropolymers Limited up to 22 March 2021. As at 31 December 2020 the amount owing that was subsequently capitalised was £18,075,468 (2019: £13,029,453)

**9 Related party transactions****Transactions with related parties**

During the year the company entered into the following transactions with related parties:

|           | <b>Purchases</b> |          |
|-----------|------------------|----------|
|           | 2020             | 2019     |
|           | £                | £        |
| ADI Group | 70,959           | -        |
|           | <u>70,959</u>    | <u>-</u> |

A Lusty is a director of Aquapak Polymers Ltd and the ADI Group of companies.

|                                       | 2020          | 2019     |
|---------------------------------------|---------------|----------|
|                                       | £             | £        |
| <b>Amounts due to related parties</b> |               |          |
| ADI Group                             | 63,100        | -        |
|                                       | <u>63,100</u> | <u>-</u> |

**10 Parent company**

The parent company is Aquapak Hydropolymers Limited.

**AQUAPAK POLYMERS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2020****11 Prior period adjustment****Reconciliation of changes in equity**

|   | Notes | 1 January<br>2019<br>£ | 31 December<br>2019<br>£ |
|---|-------|------------------------|--------------------------|
| <b>Adjustments to prior year</b>          |       |                        |                          |
| R&D Tax credit for 2018                   | 1     | 389,453                | 389,453                  |
| Equity as previously reported             |       | (7,847,062)            | (12,210,541)             |
|   |       | <u>(7,457,609)</u>     | <u>(11,821,088)</u>      |
| Equity as adjusted                        |       | <u>(7,457,609)</u>     | <u>(11,821,088)</u>      |
| <b>Analysis of the effect upon equity</b> |       |                        |                          |
| Profit and loss reserves                  |       | <u>389,453</u>         | <u>389,453</u>           |

**Notes to reconciliation****R&D Tax Credit 2018**

The research and development tax credit for 2018 was not previously included in the accounts. A prior year adjustment has been included to correct the opening position for 2019.

