

FOAM TECHNIQUES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023



FOAM TECHNIQUES LIMITED

COMPANY INFORMATION

Directors	M A Rushin M J Lewis A R Patel (resigned 27 October 2023) S A Thomas
Company secretary	A R Patel (resigned 26 October 2023) L Kozel (appointed 27 October 2023)
Registered number	02078810
Registered office	Units 137-145 South Liberty Lane Bristol Avon BS32TL
Independent auditors	Bishop Fleming LLP Chartered Accountants & Statutory Auditors 10 Temple Back Bristol BS1 6FL
Bankers	Barclays Bank Plc 4th Floor Bridgwater House Counterslip Bristol BS1 6BX
Solicitors	Star Legal 11 Great George Street Clifton Bristol BS1 5RR

FOAM TECHNIQUES LIMITED

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FOAM TECHNIQUES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their strategic report for the year ending 31 March 2023.

Principal activity

The principal activity of the company is the manufacturer of cellular foam and rubber components for a wide range of industrial and consumer applications, products are manufactured to customer specialisations and delivered nationally and globally from its location in Northamptonshire.

Mission Statement - The Avon Way

"To satisfy our customers with a product that they need, when they need it, at a price that enables us both to remain competitive and at the forefront of our respective disciplines, thus allowing us to re-invest in people and technology.

Furthermore to be regarded by all staff, customers, suppliers and competitors as a quality manufacturer. A business with a reputation of on time, complete with first class standards."

Fair review of the business

Notwithstanding the current impact of persistent high inflation and semi-conductor shortages on the world economy, the Directors are pleased to report the continuation of the trend of another good performance.

The Directors have continued to invest in capital investment projects, to ensure that the business is best placed to maximise business opportunities and to exceed customers' expectations on service and quality.

The company continuously strives to be as cost efficient as possible in a market which remains highly competitive.

The Financial Year 22/23 has seen the development of a robust new customer sales pipeline which has the potential to provide growth opportunities for the future.

The company remains focussed on strong cash management to ensure the business is optimally placed to maximise any potential market growth opportunities.

Results and key performance indicators

The directors and senior managers maintain a policy of regular review and tight control of the business using key performance indicators which include all key financial and non-financial measures.

With a very strong underpinning of cash control, benchmarking and analysis of all key budgetary data including monitoring of potential environmental impacts, the company ensures a clear and fundamental understanding of its business at all stages of the year.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Principal risks and uncertainties

The Company operates in a challenging, global environment which has a range of risks and uncertainties. Some of these are highlighted below:

Foreign Exchange risk

A small proportion of the company's turnover is denominated in currencies other than sterling; The Company limits its exposure to exchange rate fluctuations through spot rate deals, through its parent company.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual company is subject to a limit, which is regularly reviewed by senior management.

Liquidity Risk

It is the company's policy to negotiate settlement terms with suppliers at the outset of any transaction and to make a payment to suppliers in accordance with such terms provided the supplier performs in accordance with their agreed obligations.

Market Risk

Market share demands the need to provide a competitive edge with both new and existing customers. This makes maintaining product margins a constant challenge.

The combined crises of Russia's invasion of Ukraine and continued supply chain issues surrounding the supply of semiconductors to our customers, against the background of persistently high levels of inflation and rising interest rates, continue to make the prediction of the return of pre-covid customer demand levels difficult to forecast.

Raw material price increases from supply and demand issues linked to real or temporary shortages can adversely impact margins if their effects cannot be mitigated through efficiencies or passed on through price increases to the customers.

These risks are mitigated in the short term through a monthly review of the financial trading performance of the business and supply change factors compared to budget and forecast.

Long-term Investment

Significant investment programmes are required to keep machines and processes both modern and competitive. Not to do so would impact the efficiency and effectiveness of business operations and ultimately market share.

Risk Management

Risk management is reviewed regularly by both directors and senior management.

Specific mitigation against principal risks include:

- The ability to minimize fluctuations with support from the Group's banking facility.
- The Company, in line with the Group ethos, constantly strives to improve by investing in training and quality improvements.
- Liaising with key customers & suppliers on quality and performance improvement, the Company ensures the next generation products, materials and capital equipment all possess world leading qualities.
- The Company has several 'partnership' trading agreements with both customers and suppliers that allow for material price fluctuations and exchange rate movements to be passed on seamlessly.
- In its trading history, the Company has proved itself in maintaining long term relationships with critical suppliers. Operating within a constantly changing business environment, however, alternative sources of the supply of material and services need to be regularly reviewed ensuring the company has plans in place to meet any possible breakdowns in supply from key suppliers.
- With its strong environmental awareness, the company has striven to reduce wastage, and its carbon footprint. With its ethos of maximising recycling this focus has helped in delivering a more sustainable manufacturing model.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Equal Opportunities Statement

The company is committed to an active Equal Opportunities Policy, from recruitment and selection, through training and development, appraisal and promotion.

It is our policy to promote an environment free from discrimination, harassment and victimization, where everyone will receive equal treatment, regardless of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

Environmental & Site Risk Policy Statement

The directors of the company believe that the effective management of environmental issues is essential to the on-going success of the business. All functions contribute to the company's environmental performance; consequently, this policy applies equally throughout the company. The directors of the company recognize that they are ultimately responsible for environmental performance and compliance.

To ensure that the company's objectives are achieved, environmental management systems are employed at each operational site and wherever appropriate in other business functions. The scope and detail of these systems must be appropriate to the risk identified during environmental and site risk assessments. Operating procedures and controls will be developed and implemented to reduce risks to an acceptable level. An audit and inspection programme are used to monitor standards of environmental and site risk management, and adherence to the law, company standards and site procedures.

Each employee, and others working on our sites, has a responsibility to carry out their tasks giving due regard to any environmental implications. The company will provide sufficient training, information, and guidance to enable employees and others to work in accordance with this policy.

We remain confident in our funding position, with no material debt and our assets unencumbered.

This report was approved by the board and signed on its behalf.



M A Rushin
Director

Date: 14/12/23

FOAM TECHNIQUES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £822,650 (2022: £660,867).

Dividend Declared for the Year £Nil (2022: £Nil).

Directors

The directors who served during the year were:

M A Rushin
M J Lewis
A R Patel (resigned 27 October 2023)
S A Thomas

Political Donations

The company made no political donations nor incurred any political expenditure during the year (2022: £ nil).

FOAM TECHNIQUES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Sustainable purchasing and payments to suppliers statement

Sustainable purchasing is the application of sustainable development principles to procurements and is a key activity in helping us to ensure that we provide for future generations of individuals and industry.

We ask that all our suppliers and sub-contractors guarantee to

- Purchase under the local applicable legislation,
- Refrain from resorting to and forced, mandatory or child labour, either directly or indirectly.

In addition to this our suppliers and sub-contractors are expected to provide their employees with the best possible conditions of health and safety, and to observe all applicable health and safety rules while visiting our sites.

Planning for the future

Directors continue to look to the future and long-term trends, analysis, customer's insights and data are used to facilitate informed decision making. To support this the company has a well-developed process for managing its strategic plans and to assess and develop plans to mitigate short-, medium- and long-term risks to the company.

Going Concern

The business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report.

The business has assessed the projected cash flows for the 12-month period from date of authorisation of the financial statement and has carried out a review against this base case to determine the performance level from the breach of covenants. The base case takes into account the business' expectations of improved supply chain, optimisation of production to prioritise the highest margin products, along with expectations relating to prevailing economic conditions, along with inflationary pressures on material costs and environmental, social and Governance commitments. A stress test of the base models includes the impact of sustained reduction of sales volumes over a 12 month period.

The group forecasts sufficient funds to meet its liabilities as they fall due, without breaching any relevant covenants or the need for mitigating actions or new funding facility and considers the base scenario to be acceptable. Consequently, the directors consider the adequate resources exist for the business to continue operating on a going concern basis.

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

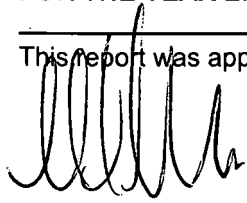
Auditors

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

FOAM TECHNIQUES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

This report was approved by the board and signed on its behalf.



M A Rushin
Director

Date: 14/12/23

Units 137-145
South Liberty Lane
Bristol
Avon
BS32TL

FOAM TECHNIQUES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FOAM TECHNIQUES LIMITED

Opinion

We have audited the financial statements of Foam Techniques Limited (the 'Company') for the year ended 31 March 2023, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, 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 Financial Reporting Standard 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 Company's affairs as at 31 March 2023 and of its 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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 Auditors' 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.

FOAM TECHNIQUES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FOAM TECHNIQUES LIMITED (CONTINUED)

Opinion 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 the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 4, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FOAM TECHNIQUES LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered the following:

- The nature of the industry and sector, control environment and business performance;
- Results of our enquires of management and directors in relation to their own identification and assessment of the risks of irregularities within the Company; and
- any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or noncompliance with laws and regulations.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest areas of risk to be in relation to revenue recognition. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures within the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and UK tax legislation. In additions we considered provision of other laws and regulations that do not have a direct effect on the financial statements but compliance with may be fundamental for the Company's ability to operate or avoid a material penalty. These included health and safety regulations, employment legislation and data protection laws.

Our audit procedures performed to respond to the risks identified included, but were not limited to:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- Challenging assumptions and judgments made by management in their significant accounting estimates;
- Discussions with management, including consideration of known or suspected instances of non compliance with laws and regulation and fraud;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing board minutes; and
- Identifying and testing journal entries, evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

FOAM TECHNIQUES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FOAM TECHNIQUES LIMITED (CONTINUED)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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 Auditors' report.

Use of our 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 Auditors' 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.



Ria Burrridge FCCA (Senior statutory auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
10 Temple Back
Bristol
BS1 6FL
Date: 14/12/23

FOAM TECHNIQUES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £	2022 £
Turnover		9,259,874	9,185,115
Cost of sales		(6,940,223)	(6,440,327)
Gross profit		2,319,651	2,744,788
Distribution costs		(216,699)	(254,921)
Administrative expenses		(1,177,811)	(1,684,732)
Operating profit		925,141	805,135
Interest payable and similar expenses		(37,082)	(7,050)
Profit before tax		888,059	798,085
Tax on profit		(65,409)	(137,218)
Profit for the financial year		822,650	660,867
Total comprehensive income for the year		822,650	660,867

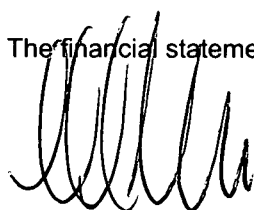
The notes on pages 14 to 26 form part of these financial statements.

FOAM TECHNIQUES LIMITED
REGISTERED NUMBER:02078810

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	10	80,000	90,000
Tangible assets	11	803,278	935,658
		<u>883,278</u>	<u>1,025,658</u>
Current assets			
Stocks	12	316,291	416,485
Debtors	13	9,922,263	9,453,744
Cash at bank and in hand	14	564,521	646,726
		<u>10,803,075</u>	<u>10,516,955</u>
Creditors: amounts falling due within one year	15	(2,638,352)	(3,305,671)
Net current assets		<u>8,164,723</u>	<u>7,211,284</u>
Total assets less current liabilities		<u>9,048,001</u>	<u>8,236,942</u>
Provisions for liabilities			
Deferred tax	17	(103,300)	(114,891)
		<u>(103,300)</u>	<u>(114,891)</u>
Net assets		<u><u>8,944,701</u></u>	<u><u>8,122,051</u></u>
Capital and reserves			
Called up share capital		10,000	10,000
Profit and loss account		8,934,701	8,112,051
		<u><u>8,944,701</u></u>	<u><u>8,122,051</u></u>

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



M A Rushin
Director

Date: 14/12/23

The notes on pages 14 to 25 form part of these financial statements.

FOAM TECHNIQUES LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2021	10,000	7,451,184	7,461,184
Profit for the year	-	660,867	660,867
At 1 April 2022	10,000	8,112,051	8,122,051
Profit for the year	-	822,650	822,650
At 31 March 2023	10,000	8,934,701	8,944,701

The notes on pages 14 to 26 form part of these financial statements.

FOAM TECHNIQUES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

The Company is a private company limited by share capital, incorporated in England and Wales. The address of its registered office is:

Units 137-145
South Liberty Lane,
Bristol,
Avon,
BS3 2T

The principal place of business (trading office) is:

Booth Drive
Park Farm South
Wellingborough
NN8 6GR

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK 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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Avon Group Manufacturing (Holdings) Limited as at 31 March 2023 and these financial statements may be obtained from The Avon Building Units 137-145, South Liberty Lane, Bedminster, Bristol, BS3 2TL..

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.3 Going concern

The Company is part of the Avon Manufacturing Group. The Group have updated their Strategic Plan to reflect reasonable scenarios as a result of the global economy, which have been reviewed by the directors. These demonstrate the Company is still forecast to generate significant profits and cash in the year ending 31 March 2023 and beyond and that the Company has sufficient cash reserves to enable the Company to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements. The directors are therefore satisfied that the Company has adequate resources to continue to operate for the foreseeable future. For this reason they continue to adopt the going concern basis for preparing these financial statements.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company 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 Company 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.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.6 Finance costs

Finance costs are charged to profit or loss 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.

2.7 Pensions

DEFINED CONTRIBUTION PENSION PLAN

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge 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 reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.9 Intangible assets

GOODWILL

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Statement of comprehensive income over its useful economic life.

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 ten years.

2.10 Tangible fixed 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.

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

Depreciation is provided on the following basis:

Long-term leasehold property	-	5% - 25% per annum straight line
Plant and machinery	-	10% - 25% per annum straight line
Motor vehicles	-	10% - 25% per annum straight line
Office equipment	-	10% - 25% per annum straight line

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 in profit or loss.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.12 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.

2.13 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.

2.14 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.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting 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 Statement of financial position.

2.16 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position 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.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Impairment of non-financial assets

The Company acquires Goodwill during a business combination. These assets are primarily the assets subject to an impairment review. Goodwill is assessed at each reporting date whether there is an indication that the carrying amount of an asset may not be recoverable. If there is such an indication, the Company estimates the recoverable amount of the asset using the information available at that date. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of an asset is impaired and it is reduced to its recoverable amount through an impairment in the profit or loss account.

FOAM TECHNIQUES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

4. Turnover

An analysis of turnover by class of business is as follows:

	2023 £	2022 £
Sale of goods	9,259,874	9,185,115
	<u>9,259,874</u>	<u>9,185,115</u>

5. Operating profit

The operating profit is stated after charging:

	2023 £	2022 £
Amortisation expense	10,000	10,000
Depreciation expense	126,860	135,277
Other operating lease rentals	120,000	120,000
Exchange differences	11,734	(5,663)
	<u>11,734</u>	<u>(5,663)</u>

6. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2023 £	2022 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	11,000	10,250

FOAM TECHNIQUES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023****7. Employees**

Staff costs were as follows:

	2023	2022
	£	£
Wages and salaries	1,891,371	1,803,042
Social security costs	144,792	123,699
Cost of defined contribution scheme	23,217	25,611
	<u>2,059,380</u>	<u>1,952,352</u>

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

	2023	2022
	No.	No.
Employees	<u>72</u>	<u>66</u>

8. Interest payable and similar expenses

	2023	2022
	£	£
Bank interest payable	37,082	7,050
	<u>37,082</u>	<u>7,050</u>

FOAM TECHNIQUES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

9. Taxation

	2023 £	2022 £
CORPORATION TAX		
Current tax on profits for the year	77,124	71,454
Adjustments in respect of previous periods	(124)	(10,708)
	<u>77,000</u>	<u>60,746</u>
TOTAL CURRENT TAX	<u>77,000</u>	<u>60,746</u>
DEFERRED TAX		
Origination and reversal of timing differences	(11,591)	76,472
TOTAL DEFERRED TAX	<u>(11,591)</u>	<u>76,472</u>
TAX ON PROFIT	<u>65,409</u>	<u>137,218</u>

Factors affecting tax charge for the year

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

	2023 £	2022 £
Profit on ordinary activities before tax	<u>888,059</u>	<u>798,085</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	168,731	151,636
EFFECTS OF:		
Expenses that are not deductible in determining taxable profit	1,255	-
Difference between CT and DT rate	(2,833)	24,193
Adjustments to tax charge in respect of prior periods	88	3,381
Permanent (including RDEC)	-	(12,957)
Group relief not paid for / and surrender of post April losses	(101,832)	(29,035)
TOTAL TAX CHARGE FOR THE YEAR	<u>65,409</u>	<u>137,218</u>

Factors that may affect future tax charges

In October 2022, the government announced changes to the Corporation Tax rate from 1 April 2023, increasing the main rate of Corporation Tax to 25%.

FOAM TECHNIQUES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

10. Intangible assets

	Goodwill £
COST	
At 1 April 2022	100,000
At 31 March 2023	<u>100,000</u>
AMORTISATION	
At 1 April 2022	10,000
Charge for the year on owned assets	10,000
At 31 March 2023	<u>20,000</u>
NET BOOK VALUE	
At 31 March 2023	<u><u>80,000</u></u>
At 31 March 2022	<u><u>90,000</u></u>

FOAM TECHNIQUES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

11. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
COST OR VALUATION					
At 1 April 2022	244,063	969,664	232,400	104,035	1,550,162
Additions	13,900	11,322	16,244	854	42,320
Disposals	(2,483)	(8,400)	(57,244)	(3,430)	(71,557)
At 31 March 2023	255,480	972,586	191,400	101,459	1,520,925
DEPRECIATION					
At 1 April 2022	35,989	373,168	117,308	88,039	614,504
Charge for the year on owned assets	12,674	73,500	32,156	8,530	126,860
Disposals	(263)	(6,315)	(14,827)	(2,312)	(23,717)
At 31 March 2023	48,400	440,353	134,637	94,257	717,647
NET BOOK VALUE					
At 31 March 2023	207,080	532,233	56,763	7,202	803,278
At 31 March 2022	208,074	596,496	115,092	15,996	935,658

The net book value of land and buildings may be further analysed as follows:

	2023 £	2022 £
Long leasehold	207,080	208,074
	<u>207,080</u>	<u>208,074</u>

12. Stocks

	2023 £	2022 £
Finished goods and goods for resale	316,291	416,485
	<u>316,291</u>	<u>416,485</u>

FOAM TECHNIQUES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

13. Debtors

	2023 £	2022 £
Trade debtors	1,343,539	1,621,166
Amounts owed by group undertakings	8,474,489	7,742,278
Other debtors	18,240	29,344
Prepayments and accrued income	85,995	60,956
	<u>9,922,263</u>	<u>9,453,744</u>

14. Cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	564,521	646,726
	<u>564,521</u>	<u>646,726</u>

15. Creditors: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade creditors	1,332,331	1,386,740
Amounts owed to group undertakings	112,029	100,000
Corporation tax	77,000	277,110
Other taxation and social security	219,350	242,810
Other creditors	812,320	1,219,321
Accruals and deferred income	85,322	79,690
	<u>2,638,352</u>	<u>3,305,671</u>

16. Financial instruments

	2023 £	2022 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	<u>564,521</u>	<u>646,726</u>

Financial assets measured at fair value through profit or loss comprise cash and bank in hand.

FOAM TECHNIQUES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

17. Deferred taxation

	2023 £
At beginning of year	(114,891)
Charged to profit or loss	11,591
AT END OF YEAR	(103,300)

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(103,300)	(114,891)
	<u>(103,300)</u>	<u>(114,891)</u>

18. Share capital

	2023 £	2022 £
ALLOTTED, CALLED UP AND FULLY PAID		
10,000 (2022: 10,000) Ordinary Shares shares of £1.00 each	10,000	10,000

19. Reserves

Profit and loss account

This reserve records retained earnings and accumulated losses.

20. Contingent liabilities

The company is party to a cross guarantee in favour of Barclays Bank Plc in respect of loans held in the immediate parent company, Avon Group Manufacturing (Holdings) Limited. The amount payable at the balance sheet date has been disclosed in the accounts of the parent company.

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £23,217 (2022: £25,611). Contributions totalling £5,644 (2022: £Nil) were payable to the fund at the balance sheet date and are included in creditors.

FOAM TECHNIQUES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

22. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	120,000	120,000
Later than 1 year and not later than 5 years	480,000	480,000
Later than 5 years	600,000	720,000
	<u>1,200,000</u>	<u>1,320,000</u>

23. Related party transactions

The Company has taken advantage of the exemption available under Section 33 of Financial Reporting Standard 102, not to disclose transactions with other wholly owned members of the Group.

24. Controlling party

The parent of the largest Group in which these financial statements are consolidated is Avon Group Manufacturing (Holdings) Limited, incorporated in England.

The address of Avon Group Manufacturing (Holdings) Limited is:

The Avon Building
Units 137 - 145
South Liberty Lane
Bedminster
Bristol
BS3 2TL

The ultimate controlling party of the Group is considered to be Mr M Rushin by virtue of his shareholding.