
AEI COMPOUNDS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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AEI COMPOUNDS LIMITED

COMPANY INFORMATION

Directors	P E Vanhove L Saggese A Savonuzzi
Registered number	00163690
Registered office	Sandwich Industrial Estate Sandwich Kent CT13 9LY
Independent auditor	S&W Partners Audit Limited Chartered Accountants & Statutory Auditor 103 Colmore Row Birmingham B3 3AG

AEI COMPOUNDS LIMITED

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AEI COMPOUNDS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Introduction

The directors present their strategic report for the year ended 31 December 2024.

Review of Business

The results of the year end financial position of the Company are shown in the annexed financial statements.

The Company experienced a decline in volume and revenue due to highly competitive and uncertain market conditions. Extremely high price of utilities negatively impacted the overall cost of production. This was partially compensated by an increase in the average selling price. Process improvements in operational departments have been implemented with the aim of decreasing cost and restoring profitability.

The Company remains committed to a business plan of sales growth, capital investments, and improved business processing, including but not limited to operations and supply chain initiatives.

Principal Risks and Uncertainties

The Company manufactures and sells thermoplastic and cross linkable compounds primarily for the wire, cable, and plastic pipe markets. The end products that consume these materials are integral to residential construction, as well as commercial and government infrastructure projects. Global economic conditions of inflation, rising interest rates and war have impacted the markets in which the Company operates. The procurement of quality raw materials and supply chain disruptions impact the business but are mitigated through dual sourcing policies.

The Company had indebtedness to its parent company that was converted to equity in December 2024. However, the Company continues to trade actively, and there is no immediate issue with liquidity. The directors monitor cash flow and liquidity on a weekly basis, which includes the forecast of foreign currency exchange rates. The parent company provides a parental guarantee when necessary.

There are no other material exposures of the Company relating to price risk, credit risk and cash flow risk which are material for the assessment of the assets, liabilities, profit and financial position of the Company.


Key Performance Indicators

The Company monitors and measures key performance indicators (KPI's) that are typical to a manufacturing business. These include monitoring sales growth in value and percentages, sales per kilo sold, components of the manufacturing process (labour and manufacturing overhead) as a percentage of sales and kilos produced, gross margin, selling and administrative costs, fixed and variable costs, EBITDA and profit.

AEI COMPOUNDS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

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



A Savonuzzi
Director

Date: 19 May 2025

AEI COMPOUNDS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their report and the financial statements for the year ended 31 December 2024.

Principal activity

The principal activity of the Company continued to be that of manufacture and sale of thermoplastic and cross linkable compounds, principally for the wire, cable and plastic pipe markets.

Results and dividends

The loss for the year, after taxation, amounted to £1,830k (2023 -loss £1,857k).

No dividends were paid or proposed during the year (2023 - £Nil).

Directors

The directors who served during the year were:

P E Vanhove
L Saggese
A Savonuzzi

Going concern

During the year the Company made a loss of £1,830k and at the statement of financial position date had net current assets of £4,508k and net assets of £5,133k. During the year the parent company provided cash advances to assist with working capital in the Company.

The situation and uncertainty associated with the Russia-Ukraine war and the wider global uncertainty associated with inflation continues to give rise to the following potential risks to the Company in order of relevancy:

- Disruption of the Company supply chain of critical services and materials.
- Disruption of transport services for the Company raw materials and finished products.

In addition, the Directors also considered the potential risks associated with the increased global tariffs, most especially for export sales to North America.

To date, the Company continues to manage and implement measures to mitigate these risks. The mitigation measures taken by the Company to mitigate these risks include:

- Diversified and increased sales to customers for which the Company is not the primary supplier and exploring new regions to increase sales.
- Active consideration on the implication of the global tariffs to the overall product pricing and associated costs to the company.
- Establishing alternative transport services for delivering goods to customers.
- Work to increase safety stock of critical inventories and using secondary suppliers.

AEI COMPOUNDS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

The Company's sole source of financing is being provided by the Company's ultimate parent company. The ultimate parent company has confirmed its express intentions to continue to provide financial support to the Company to enable it to meet its financial commitments as they fall due for a period of at least 12 months from the date of signing the financial statements, including financial support through 31 December 2026.

The directors have assessed the current business operations and consider that the Company has undertaken the needed actions to maintain business operations and to safeguard employee well being, commercial relationships and company and ultimate parent company financial assets. The directors also consider that the ultimate parent company has the financial ability to provide additional financial resources to the Company if needed. Therefore, the directors consider that the Company will continue to trade, and has access to sufficient appropriate resources to meet its liabilities as they fall due, for at least twelve months from the date of approval of these financial statements, and have thus prepared the financial statements on a going concern basis.

Future developments

The Company continues to implement business improvement and cost reduction plans. The reduction of price of utilities allowed some margin expansion. In addition to a focus on productivity improvement of its key high selling products, the Company is also working on the diversification of its product portfolio to address new markets with higher margin products.

Qualifying third party indemnity provisions

The Company has qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

AEI COMPOUNDS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

Post balance sheet events

In February 2025, the directors approved a reverse share capital split of the Company's ordinary shares of 100 shares is to 1 share reducing ordinary shares to 252,528.

Auditor

The auditor, S&W Partners Audit Limited (formerly CLA Evelyn Partners Limited), will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



A Savonuzzi
Director

Date: 19 May 2025

AEI COMPOUNDS LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AEI COMPOUNDS LIMITED

Opinion

We have audited the financial statements of AEI Compounds Limited (the 'Company') for the year ended 31 December 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the 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, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 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 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 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.

Conclusion 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 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.

Emphasis of matter – reliance on ultimate parent company

We draw attention to note 2.3 of the financial statements, which describes the Company's reliance on its ultimate parent company for financial support. Our opinion is not modified in respect of this matter.

AEI COMPOUNDS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AEI COMPOUNDS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. 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 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.
- we have not received all the information and explanations we require for our audit.

AEI COMPOUNDS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AEI COMPOUNDS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

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 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:

We obtained a general understanding of the Company's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations, the entity's policies and procedures regarding compliance, and how they identify, evaluate and account for litigation claims. We focused on those laws and regulations that have a direct effect on the determination of material amounts and disclosures to the financial statements. We also drew on our existing understanding of the Company's industry and regulation.

We understand the Company complies with requirements of the framework through:

- The Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly; and
- The engagement of external experts to achieve ongoing tax compliance and to assist with the preparation of the statutory accounts.

AEI COMPOUNDS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AEI COMPOUNDS LIMITED (CONTINUED)

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements which are central to the Company's ability to conduct its business, and where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.
- UK taxation laws.

We made inquiries of management and reviewed board meeting minutes to gain evidence about compliance with the significant laws and regulations identified above.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:

- The risk that management may be incentivised to overstate revenue, particularly in relation to year end cut off; and
- Manipulation of the financial statements to increase revenue and/or profits through fraudulent journal entries.

These areas were communicated to the other members of the engagement team who were not present at the discussion.

The procedures we carried out to gain evidence in the above areas included:

- Identifying and assessing the design and implementation of controls management has in place to prevent and detect fraud;
- Testing of revenue transactions close to the year end to underlying documentation to ensure revenue has been recorded in the correct period; and
- Testing of manual journal entries, in particular manual journal entries selected based on specific risk characteristics based on the client processes and controls surrounding manual journals.

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

AEI COMPOUNDS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AEI COMPOUNDS LIMITED (CONTINUED)

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 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.

Stephen Drew

Stephen Drew (May 19, 2025 18:30 GMT+1)
Stephen Drew (Senior Statutory Auditor)

for and on behalf of

S&W Partners Audit Limited

Chartered Accountants

Statutory Auditor

103 Colmore Row

Birmingham

B3 3AG

Date: **19/05/2025**

AEI COMPOUNDS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024 £000	2023 £000
Turnover	4	10,919	11,834
Cost of sales		(10,475)	(11,648)
Gross profit		444	186
Administrative expenses		(1,716)	(1,503)
Other operating income	5	11	25
Other operating charges		-	(1)
Operating loss	6	(1,261)	(1,293)
Interest payable and similar expenses	10	(569)	(564)
Loss before tax		(1,830)	(1,857)
Tax on loss	11	-	-
Loss for the financial year		(1,830)	(1,857)

There was no other comprehensive income for 2024 (2023 - £Nil).

The notes on pages 16 to 34 form part of these financial statements.

AEI COMPOUNDS LIMITED
REGISTERED NUMBER:00163690

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 £000	2023 £000
Fixed assets			
Tangible fixed assets	12	625	647
		<u>625</u>	<u>647</u>
Current assets			
Stocks	14	3,172	3,183
Debtors: amounts falling due within one year	15	1,681	1,526
Bank and cash balances		623	1,882
		<u>5,476</u>	<u>6,591</u>
Creditors: amounts falling due within one year	16	(968)	(10,362)
Net current assets/(liabilities)		4,508	(3,771)
Net assets/(liabilities)		<u>5,133</u>	<u>(3,124)</u>
Capital and reserves			
Called up share capital	18	25,253	15,166
Profit and loss account	19	(20,120)	(18,290)
Shareholders' funds/ (deficit)		<u>5,133</u>	<u>(3,124)</u>

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



A Savonuzzi
 Director

Date: 19 May 2025

The notes on pages 16 to 34 form part of these financial statements.

AEI COMPOUNDS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2023	15,166	(16,433)	(1,267)
Comprehensive loss for the year			
Loss for the year	-	(1,857)	(1,857)
At 1 January 2024	<u>15,166</u>	<u>(18,290)</u>	<u>(3,124)</u>
Comprehensive loss for the year			
Loss for the year	-	(1,830)	(1,830)
Contributions by and distributions to owners			
Shares issued during the year (see note 17)	10,087	-	10,087
At 31 December 2024	<u><u>25,253</u></u>	<u><u>(20,120)</u></u>	<u><u>5,133</u></u>

AEI COMPOUNDS LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	2024	2023
	£000	£000
Cash flows from operating activities		
Loss for the financial year	(1,830)	(1,857)
Adjustments for:		
Depreciation of tangible assets	166	175
Loss on disposal of tangible assets	-	(2)
Interest paid	569	564
Decrease in stocks	11	1,395
(Increase)/decrease in debtors	(156)	2,304
Increase/(decrease) in creditors	125	(610)
Net cash (used in) generated from operating activities	(1,115)	1,969
Cash flows from investing activities		
Purchase of tangible fixed assets	(144)	(181)
Sale of tangible fixed assets	-	2
Net cash used in investing activities	(144)	(179)
Cash flows from financing activities		
Interest paid	-	(564)
Loans due to parent undertakings repaid	-	(67)
Net cash used in financing activities	-	(631)
Net (decrease)/increase in cash and cash equivalents	(1,259)	1,159
Cash and cash equivalents at beginning of year	1,882	723
Cash and cash equivalents at the end of year	623	1,882
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	623	1,882
	623	1,882

AEI COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. General information

AEI Compounds Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 00163690). The registered office address is Sandwich Industrial Estate, Sandwich, Kent, CT13 9LY.

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 FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the requirements of the Companies Act 2006. The disclosure requirements of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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 Exemption from preparing consolidated financial statements

The Company has taken advantage of the exemption given by Section 402 of the Companies Act 2006 not to prepare consolidated financial statements. This is on the basis that the Company is exempt from the requirement to prepare group accounts for all of its subsidiary undertakings in accordance with Section 405(2) of the Companies Act.

Accordingly, these financial statements present information about the Company as an entity and not about its group.

2.3 Going concern

During the year the Company made a loss of £1,830k and at the statement of financial position date had net current assets of £4,508k and net assets of £5,133k. During the year the parent company provided cash advances to assist with working capital in the Company.

The situation and uncertainty associated with the Russia-Ukraine war and the wider global uncertainty associated with inflation continues to give rise to the following potential risks to the Company in order of relevancy:

- Disruption of the Company supply chain of critical services and materials.
- Disruption of transport services for the Company raw materials and finished products.

In addition, the Directors also considered the potential risks associated with the increased global tariffs, most especially for export sales to North America.

AEI COMPOUNDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2. Accounting policies (continued)

2.3 Going concern (continued)

To date, the Company continues to manage and implement measures to mitigate these risks. The mitigation measures taken by the Company to mitigate these risks include:

- Diversified and increased sales to customers for which the Company is not the primary supplier and exploring new regions to increase sales.
- Active consideration on the implication of the global tariffs to the overall product pricing and associated costs to the company.
- Establishing alternative transport services for delivering goods to customers.
- Work to increase safety stock of critical inventories and using secondary suppliers.

The Company's sole source of financing is being provided by the Company's ultimate parent company. The ultimate parent company has confirmed its express intentions to continue to provide financial support to the Company to enable it to meet its financial commitments as they fall due for a period of at least 12 months from the date of signing the financial statements, including financial support through 31 December 2026.

The directors have assessed the current business operations and consider that the Company has undertaken the needed actions to maintain business operations and to safeguard employee well being, commercial relationships and company and ultimate parent company financial assets. The directors also consider that the ultimate parent company has the financial ability to provide additional financial resources to the Company if needed. Therefore, the directors consider that the Company will continue to trade, and has access to sufficient appropriate resources to meet its liabilities as they fall due, for at least twelve months from the date of approval of these financial statements, and have thus prepared the financial statements on a going concern basis.

AEI COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. Accounting policies (continued)

2.4 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in profit or loss within 'administrative expenses'.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Sale of goods

Turnover 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 turnover 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.

AEI COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. Accounting policies (continued)

2.6 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.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 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.

2.9 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.

AEI COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

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:

Leasehold land and buildings	- Over the life of the lease
Plant and machinery	- 10 years
Assets under construction	- Not depreciated

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.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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.

2.12 Pensions

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.

AEI COMPOUNDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

2. Accounting policies (continued)

2.13 Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured on initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

AEI COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2. Accounting policies (continued)

2.14 Taxation

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 statement of financial position, 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 DECEMBER 2024

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions 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 discussed below.

Debtors recoverability

Trade debtors consist of amounts due from customers. An allowance for doubtful debts is maintained for estimated losses resulting from the viability of the Company's customers to make required payment. The allowance is based on the Company's regular assessment of the credit worthiness and financial conditions of customers.

Inventory provisions

The Company manufactures and sells thermoplastic and cross linkable compounds. Inventory includes raw materials, work in progress and finished goods. There is a risk that inventory may become obsolete. As a result it is necessary to consider the recoverability of the cost of the inventory and associated provision required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around the anticipated sale ability of finished goods.

Fixed asset impairment

The Company is in a loss making position. This is an indicator that the Company's tangible fixed assets may be impaired. When assessing whether an impairment provision should be recognised, management considers the future profitability of the Company's product offering, use of the Company's plant and machinery in this offering and the resale market for plant and machinery. This impacts both the value in use and fair value calculations used in the Company's impairment review. Management has concluded that no impairment is required at 31 December 2024 in respect of the Company's tangible fixed assets.

AEI COMPOUNDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

4. Turnover

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

	2024	<i>2023</i>
	£000	<i>£000</i>
Sale of goods	10,919	<i>11,834</i>

Analysis of turnover by country of destination:

	2024	<i>2023</i>
	£000	<i>£000</i>
United Kingdom	1,480	<i>1,254</i>
Rest of Europe	1,367	<i>1,461</i>
Rest of the world	8,072	<i>9,119</i>
	10,919	<i>11,834</i>

5. Other operating income

	2024	<i>2023</i>
	£000	<i>£000</i>
Tax refunds received	11	<i>25</i>

6. Operating loss

The operating loss is stated after charging:

	2024	<i>2023</i>
	£000	<i>£000</i>
Research & development charged as an expense	11	<i>7</i>
Exchange differences	158	<i>218</i>
Other operating lease rentals	407	<i>368</i>
Exchange differences arising from shareholder loan	-	<i>(528)</i>

AEI COMPOUNDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

7. Auditor's remuneration

	2024	2023
	£000	£000
Fees payable to the Company's auditor for the audit of the Company's financial statements	54	47

8. Employees

Staff costs were as follows:

	2024	2023
	£000	£000
Wages and salaries	2,001	1,808
Social security costs	200	180
Cost of defined contribution scheme	116	69
	2,317	2,057

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

	2024	2023
	No.	No.
Administration	36	35
Production	3	3
Research and development	5	5
	44	43

9. Directors' remuneration

The directors of the Company are paid by a fellow group company. The amount of time spent undertaking their duties as Directors of AEI Compounds Limited is minimal therefore no cost is allocated to the Company and Directors remuneration is not disclosed.

AEI COMPOUNDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

10. Interest payable and similar expenses

	2024	2023
	£000	£000
Loan interest payable	569	564
	<u>569</u>	<u>564</u>

11. Taxation

There were no current or deferred tax charges in the current and prior period.

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2023 -higher than) the standard rate of corporation tax in the UK of 25% (2023 -23.5%). The differences are explained below:

	2024	2023
	£000	£000
Loss on ordinary activities before tax	(1,830)	(1,857)
	<u>(1,830)</u>	<u>(1,857)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023 -23.5%)	(458)	(436)
Effects of:		
Fixed asset differences	-	(4)
Remeasurement of deferred tax for changes in tax rates	-	(56)
Movement in deferred tax not recognised	458	496
	<u>458</u>	<u>496</u>
Total tax charge for the year	<u>-</u>	<u>-</u>

AEI COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

11. Taxation (continued)

Factors that may affect future tax charges

In June 2023 Finance Act (No.2) 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15% in line with the OECD Pillar Two model rules. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for periods starting on or after 31 December 2023. The directors believe that the new rules are not expected to have a material impact on the Company's operations or results.

At 31 December 2024, the Company has an unrecognised deferred tax asset amounting to £5,158k (2023 - £4,679k) relating to tax losses carried forward and short-term temporary differences that are not expected to be utilised in the foreseeable future.

AEI COMPOUNDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

12. Tangible fixed assets

	Freehold property £000	Plant and machinery £000	Assets under construction £000	Total £000
Cost				
At 1 January 2024	121	7,513	16	7,650
Additions	-	144	-	144
Disposals	-	(44)	-	(44)
At 31 December 2024	121	7,613	16	7,750
Depreciation				
At 1 January 2024	42	6,961	-	7,003
Charge for the year	10	156	-	166
Disposals	-	(44)	-	(44)
At 31 December 2024	52	7,073	-	7,125
Net book value				
At 31 December 2024	69	540	16	625
At 31 December 2023	79	552	16	647

AEI COMPOUNDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

13. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2024	1
	<hr/>
At 31 December 2024	1
	<hr/>
Impairment	
At 1 January 2024	1
	<hr/>
At 31 December 2024	1
	<hr/>
Net book value	
At 31 December 2024	-
	<hr/> <hr/>
At 31 December 2023	-
	<hr/> <hr/>
Subsidiary undertaking	

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
AEI India Compounds Limited	Private F471 & 471A ((1st Floor) Partition) Chopanki INDL, Area Bhiwadi (Raj.) 08AAKCA6598E1Z9, India	Ordinary	99%

AEI COMPOUNDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

14. Stocks

	2024	2023
	£000	£000
Raw materials and consumables	2,190	2,247
Work in progress (goods to be sold)	61	56
Finished goods and goods for resale	921	880
	<hr/> 3,172 <hr/>	<hr/> 3,183 <hr/>

15. Debtors

	2024	2023
	£000	£000
Trade debtors	1,440	1,284
Amounts owed by group undertakings	35	63
Other debtors	121	179
Tax recoverable	85	-
	<hr/> 1,681 <hr/>	<hr/> 1,526 <hr/>

Amounts owed by group undertakings are all unsecured, interest free and repayable on demand.

AEI COMPOUNDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

16. Creditors: Amounts falling due within one year

	2024	2023
	£000	£000
Trade creditors	404	279
Amounts owed to group undertakings	278	9,523
Other taxation and social security	82	57
Accruals and deferred income	204	503
	968	10,362
	968	10,362

The amounts owed to group undertakings are repayable on demand. The immediate parent company and fellow subsidiaries of AEI Compounds have provided guarantees in respect of the Company's amounts owed to group undertaking.

In 2024, the company converted amounts owed to group undertakings to share capital amounting to £10,087k (2023 - £Nil).

17. Analysis of net debt

	At 1 January 2024 £000	Cash flows £000	Interest payable £000	Non-cash movement (see note 16) £000	Foreign exchange rate movement £000	At 31 December 2024 £000
Cash and cash equivalents	1,882	(1,259)	-	-	-	623
Loans due to parent undertakings	9,464	-	-	(9,518)	54	-
Accrued interest	-	-	569	(569)	-	-
	11,346	(1,259)	569	(10,087)	54	623
	11,346	(1,259)	569	(10,087)	54	623

AEI COMPOUNDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

18. Share capital

	2024	2023
	£000	£000
Allotted, called up and fully paid		
25,252,800 (2023 - 15,166,030) shares of £1.00 each	25,253	15,166

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

During the year, the company issued 10,086,770 ordinary shares at a value of £1 per share.

AEI COMPOUNDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

19. Reserves

Profit and loss account

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

20. Pension commitments

The Company operates a defined contribution 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 £76k (2023 - £69k). At the year end contributions of £59k (2023 - £13k) were included in creditors.

21. Commitments under operating leases

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

	2024 £000	2023 £000
Not later than 1 year	282	282
Later than 1 year and not later than 5 years	1,128	1,128
Later than 5 years	329	611
	<u>1,739</u>	<u>2,021</u>

22. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

At the statement of financial position date the Company was owed £Nil (2023 - £Nil) by its subsidiary AEI India Compounds India Private Limited.

The amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the year (2023 - £Nil) in respect of bad debts from related parties.

AEI COMPOUNDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

23. Post balance sheet events

In February 2025, the directors approved a reverse share capital split of the Company's ordinary shares of 100 shares is to 1 share reducing ordinary shares to 252,528.

24. Controlling party

The immediate parent undertaking is Saco AEI Polymers Inc., a company registered in the United States of America.

The ultimate parent undertaking is AESSE Investments Limited, a company registered in the United States of America.

The largest and smallest group of undertakings for which group accounts for the year ending 31 December 2024 have been drawn up, is that headed by AESSE Investments Limited. Copies of the group accounts are available from their registered office at 3120 Crocker Avenue, Sheboygan, WI 53081, USA.

The ultimate controlling party is A Savonuzzi, by virtue of his majority shareholding.