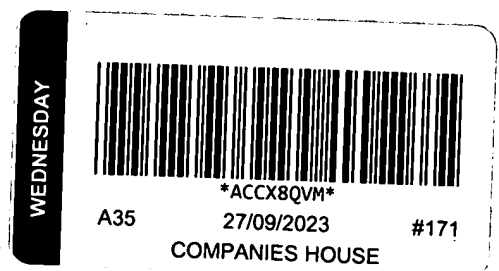


**2K POLYMER SYSTEMS LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



**2K POLYMER SYSTEMS LIMITED**

**COMPANY INFORMATION**

**Directors**

N Patel  
J Anderson  
T Gernes (resigned 17 May 2022)  
C Jenkins (appointed 17 May 2022)

**Company secretary**

N Patel  
H Hathaway Manning (appointed 1 March 2023)  
J Gonzalez-Magaz (appointed 17 May 2022, resigned 28 February 2023)  
C Grauer (resigned 17 May 2022)

**Registered number**

06085634

**Registered office**

Venture Crescent  
Nixs Hill Industrial Estate  
Alfreton  
Derbyshire  
DE55 75RA

**Independent auditor**

Cooper Parry Group Limited  
Statutory Auditor  
Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA

**2K POLYMER SYSTEMS LIMITED**

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## 2K POLYMER SYSTEMS LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

#### Introduction

The principal activity of the Company continues to be the manufacture of chemical anchoring cartridges and building maintenance epoxy putty sticks and grouts. There have been no significant changes in the Company's activities in the year under review.

#### Business review

Despite the current economic climate and certain embargoed trading constraints, the Company revised its sales strategy in 2022 and only recorded a marginal 2.5% decrease in turnover to £26,810k. Profit on ordinary activities before tax increased by 6.7% from £1,356k in 2021 to £2,265k in 2022. The business is continuing with its 3-5 year investment programme for growth and product development. The Company continues to pursue acceleration of its diversification and expansion plans on a global basis.

#### Principal risks and uncertainties

The directors consider the principal risks and uncertainties to be:

- Market price pressure due to energy price fluctuations and a low margin-loss winner pricing approach by competitors.
- Raw material price fluctuations in the chemical industry global supply chain including resin, plastics, cardboard and wood.
- The Company reviews its regulatory obligations, social and environmental responsibilities regularly with an objective of a lower dependency on plastic packaging, hazardous chemicals and increased recycling of products.
- Significant investment continues to maintain an active product approvals certification programme as an industry-leading private-labelled chemical anchoring manufacturer.
- Global repercussions from the on-going Russia and Ukraine war are expected to continue in the next 12 months.

#### Financial key performance indicators

Turnover for 2022 of £26,810k was in excess of expectations and a strong performance considering certain uncontrollable market forces and economic factors (2021: £27,506k). Gross margin increased to 23.6% from 22.4% in 2021 as manufacturing costs adjusted to continuing aggressive supply chain and associated costs realignment. Operating profit increased by £909k to £2,265k.

#### Outlook

The directors anticipate further challenges in maintaining margins in 2023, influenced by global inflationary pressures and supply chain price fluctuations. The business will robustly monitor its cost base for the protection of margin erosion alongside the principal risks and uncertainties as set out above. 2K continues to enjoy a healthy level of customer inquiries, investment, product development and growth plans due to the financial support of its parent undertaking as part of its ultimate ownership by Berkshire Hathaway Inc.

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

  
DE552C3080DE483...  
**N Patel**  
Secretary

Date: 21 September 2023

## 2K POLYMER SYSTEMS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

#### Principal place of business

2K Polymer Systems Limited is a company limited by shares, incorporated in England and Wales. Its registered office is Venture Crescent, Nixs Hill Industrial Estate, Alfreton, Derbyshire, DE55 7RA.

#### Review of the business and future developments

The business has made further significant progress during 2022 and the directors believe the excellent technical and commercial prospects of the company will continue into 2023 and beyond.

#### Results and dividends

The profit for the year, after taxation, amounted to £1,784,433 (2021: £1,278,527).

A dividend of £Nil (2021: £Nil) was paid during the year.

#### Directors

The directors who served during the year were:

N Patel  
J Anderson  
T Gernes (resigned 17 May 2022)  
C Jenkins (appointed 17 May 2022)

#### Research and development

2K Polymer Systems Limited continues to seek out and develop new products to enhance its existing comprehensive range.

#### Directors' indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the company.

Appropriate directors and officers liability insurance cover is in place in respect of all of the Company's directors.

#### Exposure to price, credit, liquidity and cashflow risk

The Company has no abnormal exposure to price, credit, cashflow or liquidity risk arising from its trading activities.

## 2K POLYMER SYSTEMS LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

#### 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 judgements and accounting estimates that are reasonable and prudent;
- 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.

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

DocuSigned by:  
  
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**N Patel**  
Secretary

Date: 21 September 2023

## 2K POLYMER SYSTEMS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 2K POLYMER SYSTEMS LIMITED

#### Opinion

We have audited the financial statements of 2K Polymer Systems Limited (the 'Company') for the year ended 31 December 2022, 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 December 2022 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 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 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 auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**2K POLYMER SYSTEMS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 2K POLYMER SYSTEMS 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 3, 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.

## 2K POLYMER SYSTEMS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 2K POLYMER SYSTEMS LIMITED (CONTINUED)

#### 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:

In assessing this risk, we focused on key laws and regulations the Company is required to adhere to and areas of the financial statements we assessed as being more susceptible to misstatement. Key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

As auditors we are not responsible for preventing irregularities. Our methodology included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework that the entity is governed by and how the entity is complying with that framework, including a review of legal and professional nominal codes;
- obtaining an understanding of the entity's accounting policies and procedures and how the entity has abided with these, through discussions and walkthroughs;
- obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- designing audit procedures to respond to our risk assessment; and
- performing and concluding on our audit testing, incorporating the risk of management override of controls, including detailed testing in respect of journal entries and other adjustments to ensure appropriate, assessing the business rationale of transactions outside the normal course of business from our understanding of the entity and reviewing accounting estimates and areas of judgement for bias.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**2K POLYMER SYSTEMS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 2K POLYMER SYSTEMS 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.

*Cooper Parry Group Limited*

Daniel Parker (Senior Statutory Auditor)  
for and on behalf of  
**Cooper Parry Group Limited**  
Statutory Auditor  
Sky View  
Argosy Road  
East Midlands Airport  
Castle Donington  
Derby  
DE74 2SA

Date: 22 September 2023

## 2K POLYMER SYSTEMS LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
<b>Turnover</b>	4	26,810,066	27,506,488
Cost of sales		(20,494,489)	(21,083,731)
Exceptional cost of sales	9	-	(255,010)
<b>Gross profit</b>		<u>6,315,577</u>	<u>6,167,747</u>
Distribution costs		(1,458,469)	(1,154,608)
Administrative expenses		(2,591,983)	(3,556,793)
Exceptional administrative expenses	9	-	(214,295)
Other operating income		-	114,457
<b>Operating profit</b>	5	<u>2,265,125</u>	<u>1,356,508</u>
Interest payable and similar expenses		(25)	(47)
<b>Profit before tax</b>		<u>2,265,100</u>	<u>1,356,461</u>
Tax on profit	8	(480,667)	(77,934)
<b>Profit for the financial year</b>		<u><u>1,784,433</u></u>	<u><u>1,278,527</u></u>

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 11 to 24 form part of these financial statements.

**2K POLYMER SYSTEMS LIMITED**  
**REGISTERED NUMBER: 06085634**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	10	5,248	6,588
Tangible assets	11	5,589,581	5,070,761
		<u>5,594,829</u>	<u>5,077,349</u>
<b>Current assets</b>			
Stocks	12	3,761,755	3,520,993
Debtors: amounts falling due within one year	13	6,712,865	5,909,070
Cash at bank and in hand		3,637,497	3,170,072
		<u>14,112,117</u>	<u>12,600,135</u>
Creditors: amounts falling due within one year	14	(5,433,540)	(5,412,434)
		<u>8,678,577</u>	<u>7,187,701</u>
<b>Net current assets</b>		<u>8,678,577</u>	<u>7,187,701</u>
<b>Total assets less current liabilities</b>		<u>14,273,406</u>	<u>12,265,050</u>
<b>Provisions for liabilities</b>			
Deferred tax	15	(64,554)	(17,238)
Other provisions	16	(176,607)	-
		<u>(241,161)</u>	<u>(17,238)</u>
<b>Net assets</b>		<u><u>14,032,245</u></u>	<u><u>12,247,812</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	120,000	120,000
Share premium account	18	200,000	200,000
Revaluation reserve	18	843,067	907,918
Profit and loss account	18	12,869,178	11,019,894
<b>Shareholders' funds</b>		<u><u>14,032,245</u></u>	<u><u>12,247,812</u></u>

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

DocuSigned by:  
  
 DE552C30B0DE463...  
**N Patel**  
 Director

Date: 21 September 2023

The notes on pages 11 to 24 form part of these financial statements.

## 2K POLYMER SYSTEMS LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
<b>At 1 January 2022</b>	120,000	200,000	907,918	11,019,894	12,247,812
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	1,784,433	1,784,433
Transfer to/from profit and loss account	-	-	(64,851)	64,851	-
<b>At 31 December 2022</b>	<u>120,000</u>	<u>200,000</u>	<u>843,067</u>	<u>12,869,178</u>	<u>14,032,245</u>

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
<b>At 1 January 2021</b>	120,000	200,000	972,769	9,676,516	10,969,285
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	1,278,527	1,278,527
Transfer to/from profit and loss account	-	-	(64,851)	64,851	-
<b>At 31 December 2021</b>	<u>120,000</u>	<u>200,000</u>	<u>907,918</u>	<u>11,019,894</u>	<u>12,247,812</u>

The notes on pages 11 to 24 form part of these financial statements.

## 2K POLYMER SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1. General information

2K Polymer Systems Limited is a company limited by shares, incorporated in England and Wales. Its registered office is Venture Crescent, Nixs Hill Industrial Estate, Alfreton, Derbyshire, DE55 7RA.

The financial statements are prepared in Sterling (£). The financial statements are for the year ended 31 December 2022 (2021: year ended 31 December 2021).

#### 2. Accounting policies

##### 2.1 Statement of compliance

The financial statements of 2K Polymer Systems Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

##### 2.2 Basis of accounting

These financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) with certain exemptions of the reduced disclosure framework applied as detailed below.

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 applicable to the Company reporting at 31 December 2022.

The Company is a subsidiary of Berkshire Hathaway Inc. and is included in its consolidated financial statements which are publicly available. Therefore the Company is exempt from the requirement to prepare a statement of cash flows and consolidated financial statements. These financial statements are the Company's separate financial statements.

##### 2.3 Basis of preparation

The preparation of financial statements in conformity with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed below.

The financial statements of 2K Polymer Systems Limited have also adopted the following disclosure exemptions as permitted by FRS102 section 1.12:

- the requirement to present a statement of cash flows and related notes, and
- financial instrument disclosures, including:
  - categories of financial instruments,
  - items of income, expenses, gains or losses relating to financial instruments, and
  - exposure to and management of financial risks.

Where required, equivalent disclosures are given in the group accounts of Berkshire Hathaway Inc., which can be obtained as set out in note 24.

The principal accounting policies are set out below and have been applied consistently throughout the year.

## 2K POLYMER SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2. Accounting policies (continued)

##### 2.4 Going concern

After reviewing the Company's forecast and projections, and also considering the effect of the current economic climate on the going concern position, the directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

##### 2.5 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

##### 2.6 Tangible fixed assets

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

Land and buildings are carried at fair value determined annually. The last external valuation took place on 8 July 2021 which was derived from market rents for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. In the opinion of the directors, there have been no material changes to the freehold property valuation since the last external valuation was performed. Increases in fair value are recognised in comprehensive income and accumulated in equity. However increases are recognised in the income statement to the extent that they reverse previous revaluation decreases of the same asset previously recognised in the income statement. Decreases in fair value are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. If revaluation decreases exceed accumulated revaluation gains accumulated in equity, the decreases are recognised in the income statement.

Provision for depreciation is made so as to write off the cost or valuation of tangible fixed assets over the expected useful economic life of the assets concerned. The principal annual rates used for the purpose are:

Freehold property	- 15 years straight line
Plant and machinery	- 7 years straight line
Fixtures and fittings	- 7 years straight line
Computers	- 3 years straight line

Freehold land is not depreciated.

##### 2.7 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

## 2K POLYMER SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2. Accounting policies (continued)

##### 2.8 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.

##### 2.9 Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in, first out basis and in the case of finished goods or work in progress, cost comprises materials, direct labour and an appropriate proportion of manufacturing overheads. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the costs of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow moving and defective stocks.

##### 2.10 Debtors

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

##### 2.11 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.

##### 2.12 Operating leases

Rentals incurred under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

##### 2.13 Provisions for liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the income statement in the period it arises.

## 2K POLYMER SYSTEMS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2. Accounting policies (continued)

##### 2.14 Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

##### 2.15 Employee benefits

Payments in respect of other post-retirement benefits are charged to the income statement in the period to which they relate.

Further details are given in note 21 to the financial statements.

##### 2.16 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the year end date. Transactions in foreign currencies are recorded at the rates ruling at the date of the transactions. All differences are taken to the Statement of comprehensive income.

##### 2.17 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts, rebates and value added taxes. Turnover is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods.

##### 2.18 Research and development expenditure

Expenditure on research and development is written off against profits on ordinary activities as incurred.

##### 2.19 Financial instruments

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

**2K POLYMER SYSTEMS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**2. Accounting policies (continued)**

**2.20 Financial assets carried at amortised cost**

Financial assets carried at amortised cost comprise trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

**2.21 Financial liabilities carried at amortised cost**

These financial liabilities include trade and other payables.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

**2.22 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

**2K POLYMER SYSTEMS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

The preparation of the financial statements in conformity with generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regards, the directors believe that the critical accounting policies where judgements or estimations are necessarily applied are summarised below:

**Valuation of property**

Freehold property is held at fair value under the revaluation model. The directors have used professionally qualified valuers to value the property on the basis of open market value for existing use.

**Depreciation and residual values**

The directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

**Carrying value of stock**

The directors review the market value of and demand for its stocks on a period basis to ensure stock is recorded in the financial statements at the lower of cost and net realisable value. Any provision for impairment is recorded against the carrying value of stocks. Management use their knowledge of market conditions, historical experiences and estimates of future events to assess future demand for the company's products and achievable selling prices.

**Provisions and accruals**

Management bases its judgements on the circumstances relating to each specific event and upon currently available information. However, given the inherent difficulties in estimating liabilities in these areas, it cannot be guaranteed that additional costs will not be incurred beyond the amounts accrued.

**Impairment of trade debtors**

An estimate of the collectible amount of trade debtors is made when collection of the full amount is no longer probable. This estimation is performed on an individual basis.

**4. Turnover**

Turnover represents the invoiced value of sales, excluding value added tax. Turnover, net assets and profit on ordinary activities are attributable to the principal activities of the Company as detailed in the directors' report.

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom and Ireland	2,039,483	2,674,985
Rest of the World	24,770,583	24,831,503
	<u>26,810,066</u>	<u>27,506,488</u>

## 2K POLYMER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 5. Operating profit

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

	2022 £	2021 £
Depreciation of owned tangible fixed assets	604,483	513,973
Amortisation of owned intangible fixed assets	1,340	112
Auditor's remuneration - audit fees	32,000	27,000
Auditor's remuneration - other services	-	29,275
Exchange differences	(115,606)	372,012
Other operating lease rentals	136,901	103,806
	<u>                    </u>	<u>                    </u>

## 6. Employees

Staff costs, including directors' remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	3,459,501	3,798,221
Social security costs	325,428	360,241
Cost of defined contribution pension scheme	198,746	153,845
	<u>                    </u>	<u>                    </u>
	<u>3,983,675</u>	<u>4,312,307</u>

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

	2022 No.	2021 No.
Sales and administration	23	25
Production and management	73	69
	<u>                    </u>	<u>                    </u>
	<u>96</u>	<u>94</u>

## 7. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	121,445	91,001
Company contributions to defined contribution pension schemes	56,806	3,729
	<u>                    </u>	<u>                    </u>
	<u>178,251</u>	<u>94,730</u>

During the year retirement benefits were accruing to 1 director (2021:1) in respect of defined contribution pension schemes.

## 2K POLYMER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 8. Taxation

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	443,704	45,789
Adjustments in respect of previous periods	(10,353)	692
<b>Total current tax</b>	<u>433,351</u>	<u>46,481</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	28,365	214,823
Changes to tax rates	10,577	5,203
Adjustments in respect of prior periods	8,374	(188,573)
<b>Total deferred tax</b>	<u>47,316</u>	<u>31,453</u>
<b>Taxation on profit on ordinary activities</b>	<u><u>480,667</u></u>	<u><u>77,934</u></u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>2,265,100</u>	<u>1,356,461</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	430,369	257,728
<b>Effects of:</b>		
Expenses not deductible for tax purposes	41,700	44,816
Other tax adjustments	8,374	5,204
Adjustments to tax charge in respect of prior periods	224	(187,881)
Non-taxable income	-	(41,933)
<b>Total tax charge for the year</b>	<u><u>480,667</u></u>	<u><u>77,934</u></u>

**Factors that may affect future tax charges**

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. The proposal to increase the rate to 25% had been substantively enacted at the company's balance sheet date, therefore its effects have been included in these financial statements. The deferred tax balance has been reviewed to understand which elements will unwind prior to 1 April 2023, and as such should still be recognised at 19% for those unwinding in the year to 31 December 2022 or at a marginal rate of 23.5% for the year to 31 December 2023.

## 2K POLYMER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 9. Exceptional items

	2022 £	2021 £
Change of IT system	-	259,309
Restructuring costs	-	175,686
Write-off of stock (exceptional cost of sales)	-	255,010
Release of intercompany creditor	-	(220,700)
	<u>-</u>	<u>469,305</u>

Exceptional costs in respect of the change of an IT system, restructuring and the write-off of stock were one-off costs incurred following the Company's acquisition by The Marmon Group Limited during the previous year. The creditor released was a balance owed to the Company's former intermediate parent undertaking which was legally forgiven during the previous year.

## 10. Intangible assets

	Computer software £
<b>Cost</b>	
At 1 January 2022	6,700
At 31 December 2022	<u>6,700</u>
<b>Amortisation</b>	
At 1 January 2022	112
Charge for the year	1,340
At 31 December 2022	<u>1,452</u>
<b>Net book value</b>	
At 31 December 2022	<u>5,248</u>
At 31 December 2021	<u>6,588</u>

## 2K POLYMER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 11. Tangible fixed assets

	Freehold property £	Vehicles, plant and equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2022	3,149,724	6,435,559	9,585,283
Additions	-	1,123,303	1,123,303
Disposals	-	(339,161)	(339,161)
At 31 December 2022	<u>3,149,724</u>	<u>7,219,701</u>	<u>10,369,425</u>
<b>Depreciation</b>			
At 1 January 2022	179,148	4,335,374	4,514,522
Charge for the year	179,148	425,335	604,483
Disposals	-	(339,161)	(339,161)
At 31 December 2022	<u>358,296</u>	<u>4,421,548</u>	<u>4,779,844</u>
<b>Net book value</b>			
At 31 December 2022	<u>2,791,428</u>	<u>2,798,153</u>	<u>5,589,581</u>
At 31 December 2021	<u>2,970,576</u>	<u>2,100,185</u>	<u>5,070,761</u>

Cost or valuation at 31 December 2022 is represented by a historic cost of freehold property of £2,798,724 which was revalued in 2016 by £197,000 and 2021 by £154,000 to leave a current valuation of £3,150,000.

The historic cost of freehold property is £2,798,724 (2021: £2,798,724) with accumulated depreciation of £903,000 (2021: £791,000).

Freehold property includes freehold land with a historic cost of £462,500 (2021: £462,500) and a value of £538,000 (2021: £538,000).

Freehold property was valued on a fair value basis on 8 July 2021 by Knight Frank LLP Chartered Surveyors. In the opinion of the Directors there is no material difference between the fair value of the property at 8 July 2021 and 31 December 2022.

## 2K POLYMER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 12. Stocks

	2022 £	2021 £
Raw materials and consumables	2,891,772	2,712,028
Work in progress	813,592	579,111
Finished goods	56,391	229,854
	<u>3,761,755</u>	<u>3,520,993</u>

## 13. Debtors

	2022 £	2021 £
Trade debtors	5,780,432	4,965,041
Amounts owed by group undertakings	203,411	215,468
Other debtors	113,807	70,576
Prepayments and accrued income	316,835	462,254
Corporation tax	298,380	195,731
	<u>6,712,865</u>	<u>5,909,070</u>

## 14. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	2,218,783	2,312,162
Amounts owed to group undertakings	2,444,854	2,065,891
Other taxation and social security	103,394	111,690
Accruals and deferred income	666,509	922,691
	<u>5,433,540</u>	<u>5,412,434</u>

## 15. Deferred taxation

	2022 £	2021 £
At beginning of year	(17,238)	14,214
Charged to profit or loss	(47,316)	(31,452)
<b>At end of year</b>	<u>(64,554)</u>	<u>(17,238)</u>

## 2K POLYMER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

## 15. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Fixed asset timing differences	(77,469)	(32,796)
Short term timing differences	12,915	15,558
	<u>(64,554)</u>	<u>(17,238)</u>

## 16. Provisions

	Provision for disposal costs £
At 1 January 2022	-
Charged to profit or loss	176,607
<b>At 31 December 2022</b>	<u>176,607</u>

The disposal cost provision relates to costs expected to be incurred in the disposal of certain stock items over the next 12 months.

## 17. Share capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
120,000 (2021: 120,000) Ordinary shares of £1 each	120,000	120,000
	<u>120,000</u>	<u>120,000</u>

## 18. Reserves

**Share premium account**

Share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

**Revaluation reserve**

Revaluation reserve represents all current and prior period revaluation gains and losses on freehold property.

**Profit and loss account**

Retained earnings represents accumulated comprehensive income for the year and prior periods less dividends paid.

## 2K POLYMER SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**19. Contingent liabilities**

The directors take legal advice as to the likelihood of success of claims and actions against the company and no provision is made where the directors consider that the result of such action is unlikely to succeed, or where any settlement amount cannot be measured reliably.

**20. Capital commitments**

At 31 December 2022 the Company had capital commitments as follows:

	2022 £	2021 £
Contracted for but not provided in these financial statements	431,452	357,379

**21. Pension commitments**

2K Polymer Systems Limited operates a defined contribution pension scheme for all employees within the Company. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions payable by the Company during the year amounted to £198,746 (2021: £153,845) and have been recognised in the statement of comprehensive income. At the balance sheet date, contributions amounting to £29,620 (2021: £23,378) had not been paid over to the fund and are included within creditors.

**22. Commitments under operating leases**

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	121,839	102,758
Later than 1 year and not later than 5 years	146,008	88,630
	<u>267,847</u>	<u>191,388</u>

**23. Related party transactions**

As the Company is a wholly owned subsidiary undertaking of Berkshire Hathaway Inc., and is included in the publicly available financial statements of Berkshire Hathaway Inc., advantage has been taken of the exemption contained in Financial Reporting Standard Number 102 (section 33.1A), from the requirement to disclose transactions with group companies on the grounds that the consolidated financial statements are prepared by the ultimate parent company.

**2K POLYMER SYSTEMS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**24. Controlling party**

The Company's immediate parent undertaking is The Marmon Group Limited.

The ultimate parent undertaking is Berkshire Hathaway Inc., a company which is registered in the United States of America. Berkshire Hathaway Inc. is the smallest group that prepares consolidated accounts that include the Company. Copies of the consolidated accounts can be obtained from 3555 Farnam Street, Omaha, Nebraska. 68131, USA.