Company Registration No. 2399487 (England and Wales)

THOMAS DUDLEY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2016

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THOMAS DUDLEY LIMITED

COMPANY INFORMATION

Directors	Mr M J Dudley Mr J Parker Mr R Holden Mr Y M Cramphorn Mr S Fleet Mr S Pepper Mr S Boyes	 (Appointed 1 April 2016)
Secretary	Mr J Parker	
Company number	2399487	
Registered office	PO Box 28 Dauntless Works Birmingham New Road Dudley West Midlands DY1 4SN	
Auditor	Bache Brown & Co Limited Swinford House Albion Street Brierley Hill DY5 3EL	
Business address	PO Box 28 Dauntless Works Birmingham New Road Dudley West Midlands DY1 4SN	
Bankers	Barclays Bank Plc 313 High Street West Bromwich West Midlands B70 8LP	
Solicitors	Clarke Willmott 138 Edmund Street Birmingham B3 2ES	

THOMAS DUDLEY LIMITED

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THOMAS DUDLEY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2016

The directors present the strategic report for the year ended 31 July 2016.

Fair review of the business
The principal activity of the company is manufacturing and the areas of specialism are iron founders, plastic cistern and component manufacturers and resin sanitary ware manufacturers.

We aim to present a balanced and comprehensive review of the development and performance of the business and its position at the year end. The review is consistent with the size and complexity of the business and is written in the context of the risks and uncertainty it faces.

The Foundry department supplies the Builders Merchant, Public Utility, OEM, Engineering and Automotive markets.

The Plastics department supplies the Builders Merchant, Retail and OEM markets.

We consider that the key performance indicators which best communicate the financial performance and strength of the business are turnover, return on capital employed and with our growth plans and continued investment, liquidity.

We consider that the key performance indicators which best communicate the financial performance and strength of the business are turnover, return on capital employed and with our growth plans and continued investment, liquidity.

This year has seen further investment in both the Plastics and Foundry division of £0.9 Million to enhance our capacity and increase efficiency. We are also continuing to develop a number of new products for launch in 2017.

We acquired the trade and assets of BCC in December 2014 and this has resulted in an increase in our capacity and capability. The strategy to grow this business has not yet materialised as a number of market factors has resulted in a significant downturn.

In June 2016 we completed the acquisition of a trade moulders which will also increase our capacity and capability in our plastics division.

We have continued to develop our manufacturing processes to maximise the potential efficiencies of the Disa moulding line. We have also improved our core making facilities, processing operations, pattern manufacture and the general facilities for both our employees and customers.

The company has seen a 2% decrease in sales to £24,822,227 (from £25,321,050). This is mainly due to reductions in order levels from our existing customers, we have not lost any significant customers in this year, and generally we still operate in markets where there is fierce competition, cheap imports, and a lack of activity i.e. the UK construction industry.

Overall profit is £2,180,067 (£2,390,023 - 2015) and profit before tax has increased to £2,482,629 (£2,539,951 - 2015).

Return on capital employed is 24.7%.

The company plans to build a new headquarters on existing land, this is required to cope we the increasing demands of the business / group.

The Liquidity ratio is 1.47 and has increased from 1.28 in the prior year.

At the year end the creditor days were 49, debtor days 63 and stock turnover 103. As a business we continued to generate cash in the financial period.

The balance sheet continues to improve with an increase in net current assets of 34.9% (£2,558,668 - 2016, £1,896,757 - 2015) and shareholders' funds increased by 10.2% (£10,542,329 - 2016, £9,562,262 - 2015).

The company sees growth in manufacturing during 2017 and is therefore looking to acquire businesses to support its aggressive growth plans as well as develop new innovative products. Acquisitions will extend our capability and capacity and take us into markets not currently penetrated.

The headline KPI's we monitor on a weekly basis are sales turnover, on time in full deliveries, cost of quality and labour cost per tonne or £1000 sales. The business delivered an improvement in all of these areas.

All managers have a coherent business plan aligned to the company's goals that consists of 5 KPI's and a minimum of 3 key objectives. These are reported at our monthly business review meetings. There are over 200 KPI's including financial and none financial measures; some of the categories are Health and Safety, Environmental Performance, Human Resources, Research, Development, Design and Testing and IT and Systems.

We continue to hold our BSI 9001 (Quality), 14001 (Environment), 18001 (Health and Safety) accreditations. All audits were completed with positive feedback and as our level of performance has improved the frequency of audits has reduced and our site has been used as a reference site for best practice in some particular areas.

The business environment continues to be challenging. Foundry and Plastics raw material costs have fallen, energy costs have stabilised, and skilled labour continues to be in short supply so we have recruited a number of apprentices. Our exposure to the UK construction industry means that elements of the business are subject to the monetary policy adopted by the banking industry and government policy.

In the UK, recent indicators suggest that the recovery is continuing albeit very slowly. In the Foundry we have struggled to continue our growth into Europe as the pound remained strong until BREXIT, also a number of existing and new customers have brought products back from China but due to the currency the new threat is European foundries, however this again may change with BREXIT. The factors effecting these strategies are unit cost differential, quality, service and cashflow. The Plastics is facing greater competition not only from imports but two foreign competitors who purchased UK brands and businesses to assist with their UK market penetration.

The number of employees has increased over the year by 4% (10 persons). The wage cost has increased by 4% and this reflects the change in labour type to a more skilled workforce both on the shop floor and in the management team and also the impact of the national living wage. We have also improved the sales structure with the creation of some new positions. We continue to develop our people with an increased focus on staff training and personal development reviews and we monitor works personnel progress through their skills matrix. All employees have the opportunity to develop their skills. As skills remain in short supply and unemployment continues to fall we would expect an increase in employment costs going forward.

A Profit Related pay scheme was introduced in 2014 and this has assisted in the improved financial performance within this financial year.

The company completed its third employee survey and a number of actions were generated. The key strengths of the business were good products, customer service and training.

The company continues to work with schools, trade bodies, the Black Country Skills Factory and other local employers. We are trying to encourage the young engineers of the future by showcasing an exciting working environment and ensuring training is relevant to employer's needs.

We also sponsor the Black Country Museum's school membership scheme which funds under privileged children to visit the museum.

In summary, given these risks and uncertainties, we are aware that the future development of the business may be influenced by unforeseen future events outside our control but feel that the current strategy of investment acquisitions, plant and equipment, training and educating of our workforce, increasing awareness of manufacturing in education, developing new innovative products and factoring risk into our decision making, is correct for the long term success of the business.

On behalf of the board

Mr M J Dudley
Director
20 December 2016

THOMAS DUDLEY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2016

The directors present their annual report and financial statements for the year ended 31 July 2016.

Principal activities
The principal activity of the company is manufacturing and the areas of specialism are iron founders, plastic cistern and component manufacturers and resin sanitaryware manufacturers.

Directors
The directors' beneficial interests in the shares of the company were as stated below:

Mr H J T Dudley	(Deceased 1 March 2016)
Mr M J Dudley	
Mr J Parker	
Mr R Holden	
Mr Y M Cramphorn	
Mr S Fleet	
Ms Y Walker	(Resigned 1 April 2016)
Mr S Pepper	
Mr S Boyes	(Appointed 1 April 2016)

Results and dividends
The results for the year are set out on page 8.

An ordinary dividend of £1,200,000 was paid during the year.

Disabled persons
It is the company's recruitment policy to give full consideration to all applications received from disabled people. Where appropriate, special training will be made available to facilitate engagement. Should an employee become disabled during his employment with the company, arrangements will be made wherever possible to re-train the employee to perform an alternative job appropriate to the individual's apptitude and ability. Encouragement is given in the training, career development and promotion of all employees according to the opportunities available,organisation requirements and individual aptitudes and abilities including disabled employees for whom any further necessary training is arranged, taking account of their particular needs. The company will at all times liaise with the Employment Service with regard to an employee who is either employed as a registered disabled person or who becomes disabled whilst in the company's employment. It is the company's practice to treat any disabled person in the same way as other employees with regard to salary, working conditions, benefits and pension arrangements and other conditions of employment.

Employee involvement
The ongoing facilities for employees to be involved in, and to be informed about the performance of the company and centred on quarterly works and staff committee meetings. There is a bonus element of employee remuneration based on the performance of companies within the group.

Auditor
Bache Brown & Co Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities
The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 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 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.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr M J Dudley
Director
20 December 2016

THOMAS DUDLEY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THOMAS DUDLEY LIMITED

We have audited the financial statements of Thomas Dudley Limited for the year ended 31 July 2016 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2016 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Mr. Ian Baker (Senior Statutory Auditor)
for and on behalf of Bache Brown & Co Limited

20 December 2016

Chartered Certified Accountants
Statutory Auditor

Swinford House
Albion Street
Brierley Hill
DY5 3EL

THOMAS DUDLEY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2016

	Notes	2016 £	2015 £
Turnover	3	24,822,227	25,321,050
Cost of sales		(15,567,670)	(16,051,635)
Gross profit		9,254,557	9,269,415
Distribution costs		(2,385,663)	(2,421,408)
Administrative expenses		(4,508,594)	(4,430,743)
Other operating income		121,986	121,986
Operating profit	4	2,482,286	2,539,250
Interest receivable and similar income	7	343	701
Profit before taxation		2,482,629	2,539,951
Taxation	8	(302,562)	(149,928)
Profit for the financial year	22	2,180,067	2,390,023

The profit and loss account has been prepared on the basis that all operations are continuing operations.

THOMAS DUDLEY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2016

	2016	2015
	£	£
Profit for the year	2,180,067	2,390,023
Other comprehensive income	-	-
Total comprehensive income for the year	2,180,067	2,390,023

THOMAS DUDLEY LIMITED

BALANCE SHEET

AS AT 31 JULY 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	10		7,925,530		8,513,612
Investments	11		1,038,317		250,000
			8,963,847		8,763,612
Current assets					
Stocks	13	2,892,284		3,205,016	
Debtors	14	4,959,490		5,173,130	
Cash at bank and in hand		167,110		196,850	
		8,018,884		8,574,996	
Creditors: amounts falling due within one year	15	(5,460,216)		(6,678,239)	
Net current assets			2,558,668		1,896,757
Total assets less current liabilities			11,522,515		10,660,369
Creditors: amounts falling due after more than one year	16		(591,787)		(713,773)
Provisions for liabilities	17		(388,399)		(384,334)
Net assets			10,542,329		9,562,262
Capital and reserves					
Called up share capital	21		100,000		100,000
Profit and loss reserves	22		10,442,329		9,462,262
Total equity			10,542,329		9,562,262

The financial statements were approved by the board of directors and authorised for issue on 20 December 2016 and are signed on its behalf by:

M J Dudley

Mr M J Dudley
Director

Company Registration No. 2399487

THOMAS DUDLEY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 August 2014		100,000	8,272,239	8,372,239
Year ended 31 July 2015:				
Profit and total comprehensive income for the year		-	2,390,023	2,390,023
Dividends	9	-	(1,200,000)	(1,200,000)
Balance at 31 July 2015		100,000	9,462,262	9,562,262
Year ended 31 July 2016:				
Profit and total comprehensive income for the year		-	2,180,067	2,180,067
Dividends	9	-	(1,200,000)	(1,200,000)
Balance at 31 July 2016		100,000	10,442,329	10,542,329

1 Accounting policies

Company information

Thomas Dudley Limited is a company limited by shares incorporated in England and Wales. The registered office is PO Box 28, Dauntless Works, Birmingham New Road, Dudley, West Midlands, DY1 4SN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

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

These financial statements for the year ended 31 July 2016 are the first financial statements of Thomas Dudley Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 August 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Thomas Dudley Group Limited. These consolidated financial statements are available from the registrar of companies.

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies **(Continued)**

1.3 Turnover

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Tangible fixed assets

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

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

Land and buildings Leasehold	Straight line over the remaining life of the lease, commencing 1st August 1996
Plant and machinery	Up to 20% straight line
Fixtures, fittings & equipment	6.67% straight line / 20% straight line
Motor vehicles	25% straight line

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

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

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

1 Accounting policies **(Continued)**

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

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

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

1.7 Stocks

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

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

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

1.8 Cash and cash equivalents

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

1.9 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

1 Accounting policies **(Continued)**

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

1 Accounting policies **(Continued)**

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

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

1.11 Taxation

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

Current tax

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

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies **(Continued)**

1.12 Employee benefits

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

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

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

1.13 Retirement benefits

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

1.14 Leases

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

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements
The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Inventory
Inventories are valued at the lower of cost and net realisation. Net realisation value includes where necessary, provisions for slow moving and obsolete stocks. The calculation of these provisions is made on a line by line basis based on a combination of the item's age, sales history and classification as a discontinued line. The adequacy of the provision is monitored with reference to the amounts realised when old stock is cleared.

Bad debt provision
A bad debt provision is set up when the likelihood of recovering the debt is diminished. The level of provision will be based on any current repayment plan entered into and which is being adhered to by the debtor, together with an estimate of the likelihood of the amounts due being fully recovered.

Useful economic lives of non current assets
The useful economic lives of non-current assets have been derived from the judgement of the directors, using their best estimate of write-down period.

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Rebates
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are the estimation of rebate and discount accruals by the directors which are based on turnover and agreements in place.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016	2015
	£	£
Turnover		
Sale of goods	24,822,227	25,321,050

3 Turnover and other revenue (Continued)

Other significant revenue

Interest income	343	701
Grants received	121,986	121,986

Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	24,064,283	24,539,915
Exports	757,944	781,135
	24,822,227	25,321,050

4 Operating profit

Operating profit for the year is stated after charging/(crediting):	2016 £	2015 £
Government grants	(121,986)	(121,986)
Fees payable to the company's auditor for the audit of the company's financial statements	12,500	14,500
Depreciation of owned tangible fixed assets	1,478,041	1,472,213
Profit on disposal of tangible fixed assets	(12,789)	(11,958)
Cost of stocks recognised as an expense	4,589,568	5,029,594
Operating lease charges	127,976	127,976

5 Employees

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

	2016 Number	2015 Number
Administration	39	41
Sales and distribution	23	17
Works	225	219
	287	277

5 Employees (Continued)

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	7,171,637	6,919,325
Social security costs	703,444	643,020
Pension costs	533,875	522,585
	8,408,956	8,084,930

6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	409,286	391,046
Company pension contributions to defined contribution schemes	20,951	18,151
	430,237	409,197

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2015 - 5).

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2015 - 0).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	102,639	98,282
Company pension contributions to defined contribution schemes	5,837	5,237

Certain directors of this company are employed by the parent company and their costs are included in parent company net recharges of £2,231,492 (2015 £2,226,136). Retirement benefits are accruing to 2 (2015 - 2) of these directors under a defined benefit pension scheme.

7 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Other interest income	343	701

THOMAS DUDLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

8 Taxation

	2016	2015
	£	£
Current tax		
Adjustments in respect of prior periods	66,659	(44,757)
Group tax relief	231,838	133,841
Total current tax	298,497	89,084
Deferred tax		
Origination and reversal of timing differences	4,065	60,844
Total tax charge	302,562	149,928

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016	2015
	£	£
Profit before taxation	2,482,629	2,539,951
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.67%)	496,526	524,923
Tax effect of expenses that are not deductible in determining taxable profit	2,141	2,374
Adjustments in respect of prior years	66,659	(44,757)
Effect of change in corporation tax rate	-	7,613
Group relief	18,922	(2,415)
Depreciation on assets not qualifying for tax allowances	4,452	1,593
Research and development tax credit	(156,132)	(203,334)
Deferred tax adjustments in respect of prior years	(10,006)	(566)
Patent box deduction	(120,000)	(113,002)
Other tax adjustments	-	(22,501)
Taxation for the year	302,562	149,928

9 Dividends

	2016	2015
	£	£
Interim paid	1,200,000	1,200,000

THOMAS DUDLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

10 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 August 2015	446,502	22,389,354	700,870	848,233	24,384,959
Additions	35,123	578,061	7,366	289,032	909,582
Disposals	-	(143,437)	(2,252)	(133,456)	(279,145)
Transfers	-	(71,677)	-	(19,378)	(91,055)
At 31 July 2016	481,625	22,752,301	705,984	984,431	24,924,341
Depreciation and impairment					
At 1 August 2015	50,079	14,938,114	387,594	495,560	15,871,347
Depreciation charged in the year	9,280	1,235,861	56,769	176,131	1,478,041
Eliminated in respect of disposals	-	(142,837)	(63)	(116,622)	(259,522)
Transfers	-	(71,677)	-	(19,378)	(91,055)
At 31 July 2016	59,359	15,959,461	444,300	535,691	16,998,811
Carrying amount					
At 31 July 2016	422,266	6,792,840	261,684	448,740	7,925,530
At 31 July 2015	396,423	7,451,240	313,276	352,673	8,513,612

11 Fixed asset investments

	Notes	2016 £	2015 £
Investments in subsidiaries	12	1,038,317	250,000

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 August 2015	250,000
Additions	788,317
At 31 July 2016	1,038,317
Carrying amount	
At 31 July 2016	1,038,317
At 31 July 2015	250,000

12 Subsidiaries

These financial statements are separate company financial statements for Thomas Dudley Limited.

Details of the company's subsidiaries at 31 July 2016 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Class of shares held	% Held Direct	% Held Indirect
Waterfit Limited	England and Wales	Manufacture of water fittings	Ordinary	100.00	
Thomas Dudley (Duport) Limited	England and Wales	Manufacture of iron castings	Ordinary	100.00	
Rugby Plastics Limited	England and Wales	Injection moulding	Ordinary	100.00	
Rugby Plastics (Leicester) Limited	England and Wales	Injection moulding	Ordinary		100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Waterfit Limited	298,225	889,439
Thomas Dudley (Duport) Limited	(123,350)	(442,126)

Rugby Plastics Limited and Rugby Plastics (Leicester) Limited were acquired on 4 July 2016.

For the year ended 31st December 2014 these companies had the following results:-
Rugby Plastics Limited profit £114,284, capital and reserves £502,794.
Rugby Plastics (Leicester) Limited loss £31,652, capital and reserves £77,186.

13 Stocks

	2016 £	2015 £
Raw materials and consumables	1,149,618	1,439,825
Work in progress	226,298	333,403
Finished goods and goods for resale	1,516,368	1,431,788
	2,892,284	3,205,016

14 Debtors

Amounts falling due within one year:	2016 £	2015 £
Trade debtors	4,187,529	4,528,660
Amounts due from subsidiary undertakings	216,214	222,088
Amounts due from fellow group undertakings	116,670	41,391
Other debtors	351	4,363
Prepayments and accrued income	438,726	376,628
	4,959,490	5,173,130

15 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,862,270	2,397,141
Amounts due to group undertakings	3,101,669	3,689,679
Other taxation and social security	462,574	524,777
Other creditors	33,703	66,642
	5,460,216	6,678,239

16 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Government grants	19	591,787	713,773

17 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	18	388,399	384,334
		388,399	384,334

18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Liabilities 2016 £	Liabilities 2015 £
Accelerated capital allowances	388,399	384,334

18 Deferred taxation **(Continued)**

Movements in the year:	**2016** **£**
Liability at 1 August 2015	384,334
Charge to profit or loss	4,065
Liability at 31 July 2016	388,399

19 Government grants

	2016 **£**	**2015** **£**
Arising from government grants	591,787	713,773

Deferred income is included in the financial statements as follows:

	2016 **£**	**2015** **£**
Non-current liabilities	591,787	713,773

20 Retirement benefit schemes

Defined contribution schemes	**2016** **£**	**2015** **£**
Charge to profit or loss in respect of defined contribution schemes	198,401	175,864

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The parent company also operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The regular cost is attributed to the individual years using the projected unit credit method. Variations in cost which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs.

Due to the nature of the group scheme the company cannot identify its share of the underlying assets and liabilities of the scheme, nor can it identify any surplus or deficit and the implications of that surplus or deficit to the company.

21 Share capital

	2016	2015
	£	£
Ordinary share capital		
Authorised		
250,000 Ordinary Shares of £1 each	250,000	250,000
Issued and fully paid		
100,000 Ordinary Shares of £1 each	100,000	100,000

22 Profit and loss reserves

	2016	2015
	£	£
At the beginning of the year	9,462,262	8,272,239
Profit for the year	2,180,067	2,390,023
Dividends	(1,200,000)	(1,200,000)
At the end of the year	10,442,329	9,462,262

23 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for certain of its properties which include property rental and equipment rental.

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

	2016	2015
	£	£
Between two and five years	14,727	20,082
In over five years	1,984,608	2,094,864
	1,999,335	2,114,946

24 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2016	2015
	£	£
Acquisition of property, plant and equipment	36,393	206,162

25 Controlling party

The ultimate parent company is Thomas Dudley Group Limited, a company registered in England and Wales.

The ultimate controlling party is The Executors of HJT Dudley (deceased).

Thomas Dudley Group Limited prepares group financial statements and copies can be obtained from its registered office.