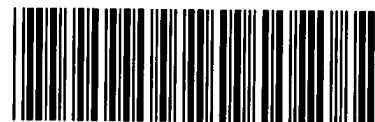


Company Registration No. 02399487 (England and Wales)

**THOMAS DUDLEY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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# THOMAS DUDLEY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr M J Dudley Mr J Parker Mr R Holden Mr Y M Cramphorn Mr S Pepper Mr S Boyes
<b>Secretary</b>	Mr J Parker
<b>Company number</b>	02399487
<b>Registered office</b>	295 Birmingham New Road Dudley West Midlands DY1 4SJ
<b>Auditor</b>	Bache Brown & Co Limited Swinford House Albion Street Brierley Hill DY5 3EE
<b>Business address</b>	295 Birmingham New Road Dudley West Midlands DY1 4SJ
<b>Bankers</b>	Barclays Bank Plc 313 High Street West Bromwich West Midlands B70 8LP
<b>Solicitors</b>	Clarke Willmott 138 Edmund Street Birmingham B3 2ES

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# THOMAS DUDLEY LIMITED

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# THOMAS DUDLEY LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present the strategic report for the year ended 31 December 2019.

#### **Fair review of the business**

##### **Principle Activities**

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

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

There have been no significant changes in principle activities in the year under review

##### **Business Review and Future Developments**

We consider 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, continued investment and liquidity

Turnover on a like for like basis is up 1.9% on the prior period. This was disappointing but uncertainty around Brexit weighed heavily on our markets. We have not lost any significant customers in 2019 and generally we still operate in markets where there is fierce competition, cheap imports and a lack of activity such as in the UK construction industry.

Operating profit increased marginally in 2019 on a like for like basis due to the improved turnover but margins remained under pressure due to increased raw material and labour costs the latter as a result of national living wage and pensions increases. These costs were not passed on in full to our customer's but instead absorbed by the business

Return on capital employed based on operating profit remained steady at 12.3% for 2019 compared to 12.3% in 2018.

The liquidity ratio has declined slightly to 4.75 compared to 5 in 2018 but liquidity is still very strong

The balance sheet continues to improve with an increase in shareholders' funds of 3% and net current assets have increased by 15% as a result of cash being kept in the business for future investment opportunities.

##### **Principal risks and uncertainties**

The main risks to the company are falling customer demand due to the impact of Covid-19 and then Brexit, currency exposure, increase in raw material prices, mandatory wage increases and energy costs and skills shortages.

The business environment continues to be challenging with raw material and energy prices continuing to increase. 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. Competition within our market continues to be fierce both from imports and two foreign competitors who purchased UK brands and businesses to assist with their UK market penetration.

The business reacted quickly to the Corona virus furloughing 75% of the workforce, utilising the Job Retention Scheme, to protect those jobs from the temporary drop in the order book. The businesses are in a strong position to bounce back quickly as the markets and confidence picks up.

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 in acquisitions, plant and equipment, training and educating 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.

# **THOMAS DUDLEY LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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On behalf of the board



Mr M J Dudley

Director

18 September 2020

# THOMAS DUDLEY LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their annual report and financial statements for the year ended 31 December 2019.

#### 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 M J Dudley  
Mr J Parker  
Mr R Holden  
Mr Y M Cramphorn  
Mr S Pepper  
Mr S Boyes

#### Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £1,500,000. The directors do not recommend payment of a further dividend.

#### Auditor

The auditor, Bache Brown & Co Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### 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.

# **THOMAS DUDLEY LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **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

18 September 2020

# THOMAS DUDLEY LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THOMAS DUDLEY LIMITED

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#### Opinion

We have audited the financial statements of Thomas Dudley Limited (the 'company') for the year ended 31 December 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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.



# THOMAS DUDLEY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF THOMAS DUDLEY LIMITED

---

#### 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 and the directors' report.

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.

#### Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



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

18 September 2020

Chartered Certified Accountants  
Statutory Auditor

Swinford House  
Albion Street  
Brierley Hill  
DY5 3EE

# THOMAS DUDLEY LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	15,268,038	14,979,798
Cost of sales		(9,265,807)	(9,048,938)
<b>Gross profit</b>		<b>6,002,231</b>	<b>5,930,860</b>
Distribution costs		(1,959,123)	(1,963,550)
Administrative expenses		(2,524,853)	(2,557,170)
Other operating income		87,820	87,820
<b>Operating profit</b>	4	<b>1,606,075</b>	<b>1,497,960</b>
Interest receivable and similar income	7	550,000	375,000
Interest payable and similar expenses	8	112	-
Amounts written off investments	9	(426,094)	-
<b>Profit before taxation</b>		<b>1,730,093</b>	<b>1,872,960</b>
Tax on profit	10	(214,831)	(235,998)
<b>Profit for the financial year</b>		<b>1,515,262</b>	<b>1,636,962</b>

# THOMAS DUDLEY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

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	2019 £	2018 £
Profit for the year	1,515,262	1,636,962
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,515,262</u>	<u>1,636,962</u>

# THOMAS DUDLEY LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	12	6,188,687		6,648,632	
Investments	13	500,709		916,803	
		<u>6,689,396</u>		<u>7,565,435</u>	
<b>Current assets</b>					
Stocks	15	1,925,027		1,777,175	
Debtors	16	5,031,353		5,094,893	
Cash at bank and in hand		1,559,793		464,927	
		<u>8,516,173</u>		<u>7,336,995</u>	
<b>Creditors: amounts falling due within one year</b>	17	(1,793,913)		(1,471,640)	
<b>Net current assets</b>		<u>6,722,260</u>		<u>5,865,355</u>	
<b>Total assets less current liabilities</b>		<u>13,411,656</u>		<u>13,430,790</u>	
<b>Creditors: amounts falling due after more than one year</b>	18	(169,749)		(257,569)	
<b>Provisions for liabilities</b>	19	(442,893)		(389,469)	
<b>Net assets</b>		<u><u>12,799,014</u></u>		<u><u>12,783,752</u></u>	
<b>Capital and reserves</b>					
Called up share capital	23	100,000		100,000	
Profit and loss reserves	24	12,699,014		12,683,752	
<b>Total equity</b>		<u><u>12,799,014</u></u>		<u><u>12,783,752</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 18 September 2020 and are signed on its behalf by:



Mr M J Dudley  
Director

Company Registration No. 02399487

# THOMAS DUDLEY LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2018</b>		100,000	11,421,790	11,521,790
<b>Period ended 31 December 2018:</b>				
Profit and total comprehensive income for the period		-	1,636,962	1,636,962
Dividends	11	-	(375,000)	(375,000)
<b>Balance at 31 December 2018</b>		100,000	12,683,752	12,783,752
<b>Year ended 31 December 2019:</b>				
Profit and total comprehensive income for the year		-	1,515,262	1,515,262
Dividends	11	-	(1,500,000)	(1,500,000)
<b>Balance at 31 December 2019</b>		100,000	12,699,014	12,799,014

# THOMAS DUDLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

#### Company information

Thomas Dudley Limited is a private company limited by shares incorporated in England and Wales. The registered office is 295 Birmingham New Road, Dudley, West Midlands, DY1 4SJ.

#### 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.

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 company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Thomas Dudley Limited is a wholly owned subsidiary of Thomas Dudley Group Limited and the results of Thomas Dudley Limited are included in the consolidated financial statements of Thomas Dudley Group Limited which 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.

# THOMAS DUDLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 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.

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.

#### 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 assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

# THOMAS DUDLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

(Continued)

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.

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.

##### **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 publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.



# THOMAS DUDLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

(Continued)

##### ***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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

##### ***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 through 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.

# THOMAS DUDLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

---

### 1 Accounting policies

(Continued)

#### ***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 transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.11 Taxation**

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

##### ***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.

#### **1.12 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**

##### **Defined contribution schemes**

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

##### **Defined benefit scheme**

The company operates within the group defined benefit pension scheme. The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

# THOMAS DUDLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.14 Leases

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

#### 1.15 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.

#### 1.16 Foreign exchange

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

### 2 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.

# THOMAS DUDLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### 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:

	2019 £	2018 £
<b>Turnover analysed by class of business</b>		
Sale of goods	15,268,038	14,979,798
	<u>15,268,038</u>	<u>14,979,798</u>
	2019 £	2018 £
<b>Other significant revenue</b>		
Dividends received	550,000	375,000
Grants received	87,820	87,820
	<u>637,820</u>	<u>462,820</u>
	2019 £	2018 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	14,851,988	14,732,187
Exports	416,050	247,611
	<u>15,268,038</u>	<u>14,979,798</u>

### 4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	14,051	(1,321)
Government grants	(87,820)	(87,820)
Fees payable to the company's auditor for the audit of the company's financial statements	12,500	12,500
Depreciation of owned tangible fixed assets	1,186,451	1,173,051
(Profit)/loss on disposal of tangible fixed assets	(37,631)	13,552
Operating lease charges	60,492	60,464
	<u>1,228,043</u>	<u>1,230,426</u>

# THOMAS DUDLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 5 Employees

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

	2019 Number	2018 Number
Administration	20	19
Sales and distribution	23	24
Works	112	113
Total	155	156

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	4,657,397	4,433,779
Social security costs	468,319	454,347
Pension costs	426,104	426,255
	5,551,820	5,314,381

### 6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	412,044	463,079
Company pension contributions to defined contribution schemes	29,516	28,606
	441,560	491,685

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2018 - 3).

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2018 - 1).

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

	2019 £	2018 £
Remuneration for qualifying services	116,330	130,562
Company pension contributions to defined contribution schemes	11,806	10,690

# THOMAS DUDLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 6 Directors' remuneration

(Continued)

Certain directors of this company are employed by the parent company and their costs are included in parent company net recharges of £250,881 (2018 £481,845). Retirement benefits are accruing to 1 (2018 - 1) of these directors under a defined benefit pension scheme, and to 1 (2018 - 1) under a defined contribution scheme.

### 7 Interest receivable and similar income

	2019 £	2018 £
<b>Income from fixed asset investments</b>		
Income from shares in group undertakings	550,000	375,000

### 8 Interest payable and similar expenses

	2019 £	2018 £
Other interest	(112)	-

### 9 Amounts written off investments fixed asset investments

	2019 £	2018 £
Other gains and losses	(426,094)	-

### 10 Taxation

	2019 £	2018 £
<b>Current tax</b>		
Adjustments in respect of prior periods	(48,211)	-
Group tax relief	209,508	202,706
Total current tax	161,297	202,706
<b>Deferred tax</b>		
Origination and reversal of timing differences	53,534	33,292
Total tax charge	214,831	235,998

# THOMAS DUDLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 10 Taxation

(Continued)

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:

	2019 £	2018 £
Profit before taxation	1,730,093	1,872,960
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	328,718	355,862
Tax effect of expenses that are not deductible in determining taxable profit	85,301	2,846
Adjustments in respect of prior years	(2,241)	-
Depreciation on assets not qualifying for tax allowances	4,298	3,559
Research and development tax credit	(39,135)	(87,501)
Under/(over) provided in prior years	(45,992)	-
Dividend income	(104,500)	-
Foreign exchange differences	-	(71,250)
Patent box deduction	(10,450)	(14,400)
Other tax adjustments	(1,168)	-
Capital allowances qualifying later periods	-	46,882
Taxation charge for the year	214,831	235,998

### 11 Dividends

	2019 £	2018 £
Final paid	1,500,000	375,000

# THOMAS DUDLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 12 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2019	484,195	23,881,181	951,618	889,150	26,206,144
Additions	-	505,608	56,580	210,604	772,792
Disposals	-	(143,438)	-	(194,802)	(338,240)
At 31 December 2019	484,195	24,243,351	1,008,198	904,952	26,640,696
<b>Depreciation and impairment</b>					
At 1 January 2019	82,644	18,349,951	567,763	557,154	19,557,512
Depreciation charged in the year	9,683	953,297	50,774	172,697	1,186,451
Eliminated in respect of disposals	-	(143,452)	-	(148,502)	(291,954)
At 31 December 2019	92,327	19,159,796	618,537	581,349	20,452,009
<b>Carrying amount</b>					
At 31 December 2019	391,868	5,083,555	389,661	323,603	6,188,687
At 31 December 2018	401,551	5,531,230	383,855	331,996	6,648,632

### 13 Fixed asset investments

	Notes	2019 £	2018 £
Investments in subsidiaries	14	500,709	916,803

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 January 2019	916,803
Additions	10,000
Valuation changes	(426,094)
At 31 December 2019	500,709
<b>Carrying amount</b>	
At 31 December 2019	500,709
At 31 December 2018	916,803



# THOMAS DUDLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 14 Subsidiaries

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

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Rugby Plastics Limited	England and Wales	Ordinary	100.00
Thomas Dudley Foundry Limited (formerly Thomas Dudley (Duport) Limited)	England and Wales	Ordinary	100.00
Waterfit Limited	England and Wales	Ordinary	100.00

### 15 Stocks

	2019 £	2018 £
Raw materials and consumables	1,312,153	1,051,185
Work in progress	-	260,038
Finished goods and goods for resale	612,874	465,952
	<u>1,925,027</u>	<u>1,777,175</u>

### 16 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,691,802	2,349,901
Amounts owed by group undertakings	2,187,071	2,605,331
Other debtors	10,646	-
Prepayments and accrued income	141,834	139,661
	<u>5,031,353</u>	<u>5,094,893</u>

### 17 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Trade creditors		1,349,421	1,088,651
Amounts owed to group undertakings		214,660	217,932
Taxation and social security		130,261	60,252
Government grants	21	87,820	87,820
Other creditors		11,751	16,985
		<u>1,793,913</u>	<u>1,471,640</u>

# THOMAS DUDLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 18 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Government grants	21	169,749	257,569

### 19 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	20	442,893	389,469

### 20 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:

	Liabilities 2019 £	Liabilities 2018 £
<b>Balances:</b>		
Accelerated capital allowances	442,893	389,469
<b>Movements in the year:</b>		2019 £
Liability at 1 January 2019		389,469
Charge to profit or loss		53,424
Liability at 31 December 2019		442,893

### 21 Government grants

	2019 £	2018 £
Arising from government grants	257,569	345,389

Deferred income is included in the financial statements as follows:

	2019 £	2018 £
Current liabilities	87,820	87,820
Non-current liabilities	169,749	257,569

# THOMAS DUDLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 22 Retirement benefit schemes

	2019 £	2018 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	163,350	135,206

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.

#### Defined benefit scheme

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.

### 23 Share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
100,000 Ordinary Shares of £1 each	100,000	100,000

### 24 Profit and loss reserves

	2019 £	2018 £
At the beginning of the year	12,683,752	11,421,790
Profit for the year	1,515,262	1,636,962
Dividends declared and paid in the year	(1,500,000)	(375,000)
At the end of the year	12,699,014	12,683,752

# THOMAS DUDLEY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 25 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:

	2019 £	2018 £
Within one year	112,487	112,487
Between two and five years	441,024	441,024
In over five years	1,056,620	1,166,876
	<u>1,610,131</u>	<u>1,720,387</u>

### 26 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019 £	2018 £
Acquisition of tangible fixed assets	<u>232,305</u>	<u>22,901</u>

### 27 Events after the reporting date

On 1st January 2020 the trade and assets of Masefield-Beta Limited were transferred to Thomas Dudley Limited.

### 28 Ultimate 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.