

Company registration number 02399487 (England and Wales)

THOMAS DUDLEY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

THOMAS DUDLEY LIMITED

COMPANY INFORMATION

Directors	Mr M J Dudley Mr J Parker Mr R Holden Mr S Boyes
Secretary	Mr J Parker
Company number	02399487
Registered office	295 Birmingham New Road Dudley West Midlands DY1 4SJ
Auditor	Bache Brown & Co Limited Swinford House Albion Street Brierley Hill DY5 3EE
Business address	295 Birmingham New Road Dudley West Midlands DY1 4SJ
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 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

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 was up 11% on the prior period due to the bounce back from the Coronavirus pandemic and from the reshoring of work to the UK following Brexit as customers look to shorten their supply chains and increasingly source from a UK manufacturer. In addition turnover is up as a result of having to pass on raw material and component price inflation. We have not lost any significant customers in 2020 and generally we still operate in markets where there is fierce competition from cheap imports.

Operating profit increased by 11% compared to 2020 in line with the increased turnover. Margins improved on 2020 as the order book was full all year which enabled operational efficiencies when compared to 2020 during which time we stayed in operation to meet our customer needs when closing down and furloughing staff would have been the more prudent option.

Return on capital employed based on operating profit was roughly maintained for 2021 at 16% compared to 16.5% in 2020.

The liquidity ratio has increased from 2.1 in 2020 to 10.8 in 2021 due to cash generated being used to pay down the Group debt. Cash in the business has therefore declined from £6.3m in 2020 to £1.9m in 2021 although this balance is still greater than the outstanding liabilities of the company as at the year end.

The balance sheet continues to improve with an increase in shareholders' funds of 14.5% and net current assets have increased by 35% as a result of the company's profitability.

Principal risks and uncertainties

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

The business environment continues to be challenging with raw material price increases at levels not seen in the recent past 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.

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 2021

On behalf of the board

Mr M J Dudley
Director

30 June 2022

THOMAS DUDLEY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

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

Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

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

(Resigned 31 August 2021)

Mr S Pepper

(Resigned 31 August 2021)

Mr S Boyes

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 2021

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

30 June 2022

THOMAS DUDLEY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THOMAS DUDLEY LIMITED

Opinion

We have audited the financial statements of Thomas Dudley Limited (the 'company') for the year ended 31 December 2021 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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.

THOMAS DUDLEY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THOMAS DUDLEY LIMITED

Auditor's responsibilities for the audit of the financial statements

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

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

Approach to assessing the risks of misstatement due to irregularities, including fraud

We assessed the risk of material misstatement in respect of fraud by meeting with management to understand where it considered there was susceptibility to fraud.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant reporting frameworks which are likely to affect the company include FRS102, the Companies Act 2006 and the relevant tax laws. In addition we determined that there were no significant laws and regulations which have a direct effect on the amounts and disclosures in the financial statements.

Audit response to risks identified

We considered the risk of fraud through management override of controls. We also considered how management bias may impact upon performance targets.

In response we performed audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of any significant transactions outside the normal course of business, reviewing accounting estimates for management bias.

Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquires with management around actual and potential claims. Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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

30 June 2022

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 2021

	Notes	2021 £	2020 £
Turnover	3	24,578,622	22,084,069
Cost of sales		(15,902,011)	(15,336,285)
Gross profit		8,676,611	6,747,784
Distribution costs		(2,846,995)	(2,807,118)
Administrative expenses		(3,531,548)	(2,905,458)
Other operating income		113,346	1,145,262
Operating profit	4	2,411,414	2,180,470
Interest receivable and similar income	7	695	500,000
Amounts written off investments	8	-	426,094
Profit before taxation		2,412,109	3,106,564
Tax on profit	9	(372,544)	(337,568)
Profit for the financial year		2,039,565	2,768,996

THOMAS DUDLEY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Profit for the year	2,039,565	2,768,996
Other comprehensive income	-	-
Total comprehensive income for the year	<u>2,039,565</u>	<u>2,768,996</u>

THOMAS DUDLEY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	12	4,600,782		5,456,641	
Investments	13	926,803		926,803	
		<u>5,527,585</u>		<u>6,383,444</u>	
Current assets					
Stocks	15	5,509,120		4,265,362	
Debtors	16	4,696,713		5,143,711	
Cash at bank and in hand		1,895,564		6,320,428	
		<u>12,101,397</u>		<u>15,729,501</u>	
Creditors: amounts falling due within one year	17	<u>(1,122,987)</u>		<u>(7,578,092)</u>	
Net current assets			10,978,410		8,151,409
Total assets less current liabilities			16,505,995		14,534,853
Creditors: amounts falling due after more than one year	18		-		(81,929)
Provisions for liabilities					
Deferred tax liability	19	398,420		384,914	
		<u>(398,420)</u>		<u>(384,914)</u>	
Net assets			<u>16,107,575</u>		<u>14,068,010</u>
Capital and reserves					
Called up share capital	22	100,000		100,000	
Profit and loss reserves	23	16,007,575		13,968,010	
Total equity			<u>16,107,575</u>		<u>14,068,010</u>

The financial statements were approved by the board of directors and authorised for issue on 30 June 2022 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 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 January 2020		100,000	12,699,014	12,799,014
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	2,768,996	2,768,996
Dividends	10	-	(1,500,000)	(1,500,000)
Balance at 31 December 2020		100,000	13,968,010	14,068,010
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	2,039,565	2,039,565
Balance at 31 December 2021		100,000	16,007,575	16,107,575

THOMAS DUDLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021

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 2021

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 2021

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 2021

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 2021

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 2021

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:

	2021 £	2020 £
Turnover analysed by class of business		
Sale of goods	24,578,622	22,084,069
	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	20,045,145	17,775,094
Exports	4,533,477	4,308,975
	2021 £	2020 £
Other revenue		
Interest income	695	-
Dividends received	-	500,000
Grants received	113,346	1,145,262

4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(1,956)	77,131
Government grants	(113,346)	(1,145,262)
Fees payable to the company's auditor for the audit of the company's financial statements	12,750	12,500
Depreciation of owned tangible fixed assets	1,193,123	1,218,654
Profit on disposal of tangible fixed assets	(26,540)	(52,349)
Operating lease charges	201,252	204,559

THOMAS DUDLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Employees

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

	2021 Number	2020 Number
Administration	70	20
Sales and distribution	30	20
Works	118	103
Total	218	143

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	6,000,769	6,238,597
Social security costs	588,837	535,973
Pension costs	470,756	504,346
	7,060,362	7,278,916

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	541,734	487,989
Company pension contributions to defined contribution schemes	36,098	31,824
	577,832	519,813

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020 - 3).

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2020 - 1).

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

	2021 £	2020 £
Remuneration for qualifying services	151,633	140,611
Company pension contributions to defined contribution schemes	14,253	12,902

THOMAS DUDLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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 £856,954 (2020 £271,970). Retirement benefits are accruing to 0 (2020 - 0) of these directors under a defined benefit pension scheme, and to 2 (2020 - 2) under a defined contribution scheme.

7 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Other interest income	695	-
Income from fixed asset investments		
Income from shares in group undertakings	-	500,000
Total income	695	500,000

8 Amounts written off investments

	2021	2020
	£	£
Other gains and losses	-	426,094

9 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	17,395	182,000
Adjustments in respect of prior periods	(2,409)	(44,635)
Group tax relief	344,052	258,182
Total current tax	359,038	395,547
Deferred tax		
Origination and reversal of timing differences	13,506	(57,979)
Total tax charge	372,544	337,568

THOMAS DUDLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

9 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:

	2021 £	2020 £
Profit before taxation	2,412,109	3,106,564
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	458,301	590,247
Tax effect of expenses that are not deductible in determining taxable profit	1,209	1,244
Depreciation on assets not qualifying for tax allowances	4,298	4,298
Research and development tax credit	(64,714)	(15,270)
Under/(over) provided in prior years	(2,409)	(44,635)
Dividend income	-	(95,000)
Patent box deduction	(40,500)	(3,578)
Other tax adjustments	16,359	(18,780)
Impairment adjustments	-	(80,958)
Taxation charge for the year	372,544	337,568

10 Dividends

	2021 £	2020 £
Final paid	-	1,500,000

11 Impairments

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

Reversals of previous impairment losses have been recognised in profit or loss as follows:

	Notes	2021 £	2020 £
In respect of:			
Fixed asset investments	13	-	426,094
Recognised in:			
Amounts written off investments		-	426,094

THOMAS DUDLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2021	501,220	25,382,371	1,008,198	734,455	27,626,244
Additions	-	618,318	2,178	129,513	750,009
Disposals	-	(314,217)	-	(189,953)	(504,170)
Transfers	(501,220)	-	-	-	(501,220)
At 31 December 2021	-	25,686,472	1,010,376	674,015	27,370,863
Depreciation and impairment					
At 1 January 2021	112,058	20,874,158	668,606	514,781	22,169,603
Depreciation charged in the year	9,980	1,020,997	49,746	112,400	1,193,123
Eliminated in respect of disposals	-	(310,624)	-	(159,983)	(470,607)
Transfers	(122,038)	-	-	-	(122,038)
At 31 December 2021	-	21,584,531	718,352	467,198	22,770,081
Carrying amount					
At 31 December 2021	-	4,101,941	292,024	206,817	4,600,782
At 31 December 2020	389,162	4,508,213	339,592	219,674	5,456,641

13 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	14	926,803	926,803

14 Subsidiaries

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

Details of the company's subsidiaries at 31 December 2021 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	England and Wales	Ordinary	100.00
Waterfit Limited	England and Wales	Ordinary	100.00

THOMAS DUDLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

15 Stocks

	2021 £	2020 £
Raw materials and consumables	4,232,372	3,220,766
Work in progress	290,693	266,401
Finished goods and goods for resale	986,055	778,195
	<u>5,509,120</u>	<u>4,265,362</u>

16 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	4,317,191	4,382,072
Corporation tax recoverable	113,375	25,000
Amounts owed by group undertakings	12,727	551,503
Other debtors	81,551	2,801
Prepayments and accrued income	171,869	182,335
	<u>4,696,713</u>	<u>5,143,711</u>

17 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Trade creditors		2,295,217	1,704,758
Amounts owed to group undertakings		(1,384,831)	5,513,433
Corporation tax		17,395	72,000
Other taxation and social security		88,886	185,417
Government grants	20	81,929	87,820
Other creditors		24,391	14,664
		<u>1,122,987</u>	<u>7,578,092</u>

18 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Government grants	20	-	81,929
		<u>-</u>	<u>81,929</u>

THOMAS DUDLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

19 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 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	398,420	384,914
	<u> </u>	<u> </u>
Movements in the year:		2021 £
Liability at 1 January 2021		384,914
Charge to profit or loss		13,506
		<u> </u>
Liability at 31 December 2021		398,420
		<u> </u>

20 Government grants

	2021 £	2020 £
Arising from government grants	81,929	169,749
	<u> </u>	<u> </u>

Deferred income is included in the financial statements as follows:

	2021 £	2020 £
Current liabilities	81,929	87,820
Non-current liabilities	-	81,929
	<u> </u>	<u> </u>

21 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	228,015	217,002
	<u> </u>	<u> </u>

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.

THOMAS DUDLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

21 Retirement benefit schemes

(Continued)

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.

22 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary Shares of £1 each	100,000	100,000	100,000	100,000

23 Profit and loss reserves

	2021 £	2020 £
At the beginning of the year	13,968,010	12,699,014
Profit for the year	2,039,565	2,768,996
Dividends declared and paid in the year	-	(1,500,000)
At the end of the year	16,007,575	13,968,010

24 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:

	2021 £	2020 £
Within one year	227,175	277,175
Between two and five years	850,240	908,700
In over five years	836,108	1,004,823
	1,913,523	2,190,698

THOMAS DUDLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021 £	2020 £
Acquisition of tangible fixed assets	502,516	-
	<u>502,516</u>	<u>-</u>

26 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.

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