Registered number 7717350

CPL Industries Group Limited

Annual Report

for the year ended 31 March 2022

Contents

Directors and advisers

Directors

J P V Mash • *
Chairman

R B Kendall • *
Non-executive director

J D Sutton
Chief Financial Officer

T W Minett (resigned 27 October 2022)

D J Lamb • *
Non executive director

Registered office

Westthorpe Fields Road
Killamarsh
Sheffield
S21 1TZ

Independent Auditors

RSM UK Audit LLP
Chartered Accountants and Statutory Auditors
3 Hardman Street
Manchester
M3 3HF

Solicitors

DLA Piper UK LLP
1 St. Paul's Place
Sheffield
S1 2JX

Bankers

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14 Church Street
Sheffield
S1 1HP

Bank of Ireland
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Ireland

Banco Santander SA
Paseo de Pereda 9 – 12
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Spain

Registered number

7717350

* member of audit committee
• member of remuneration committee

Strategic report
for the year ended 31 March 2022

The directors present their strategic report and the audited consolidated financial statements of the CPL Industries Group Limited and its subsidiaries (together the "Group") and individual financial statements of the company for the year ended 31 March 2022.

Strategy
The Group's strategy is to focus on the targeted growth of its three core operating divisions in attractive sectors, markets and applications where the Group has sustainable competitive advantages.

In the solid fuel business, the key elements of the strategic plan are delivering high quality products and standards of customer service to enable the business to maintain its market position alongside bringing the products and solutions to new customers in new markets. The development of fuels with ever increasing proportions of biomass and other renewable content is at the heart of the group's strategy and the research and development activity in this area is supported by significant investment.

The activated carbons business is focused on growth in selected applications where the group can provide service-led sales growth and that result in a circular flow of carbon that can be recycled through the Groups carbon reactivation facilities.

The refractories business is focused on geographical expansion and delivering a broader range of products to existing customer relationships.

Review of business

Group Review
Turnover of £179.8m (2021: £163.0m) increased from the previous year as price increases and market share gains in the solid fuel and activated carbon divisions were partially offset by reduced solid fuel volumes from the milder winter weather conditions.

The Group generated operating profit, before net exceptional items, of £5.4m, (2021: 7.7m) as the higher sales were offset by lower margins driven by a combination of sales mix and inflationary challenges impacting on the profitability of certain operating businesses ahead of cost increases being passed on. Exceptional items in the period of £0.8m (2021: £0.3m) were principally due to restructuring costs.

The Group generated a pre-tax profit of £0.9m, compared to a profit of £3.9m in the prior year.

At the year-end, the Group had net debt of £34.0m (2021: £28.0m) as the EBITDA cash generation was offset by higher working capital requirements primarily driven by an increase in inventory.

UK Solid Fuel
Revenues in the UK solid fuel business were robust despite a mild winter with demand from both solid fuel merchants and the direct to consumer channel performing well. Sales through E-commerce channels which is a core pillar to the Group's strategy again showed solid growth. Wood and charcoal products grew year on year which is a notable performance given the milder winter and continues the strong growth in these product lines seen over recent years.

Ireland Solid Fuel
The Irish solid fuel business had a challenging year as a result of raw material cost inflation. The margin position has now stabilised.

On 1 October 2022 the Irish Environment Minister Eamon Ryan signed into law legislation to implement a nationwide limit on particulate emissions from domestic solid fuels, which effectively bans the burning of highly polluting fuels. CPL welcomes the move and is actively supporting its customers through the transition to lower particulate fuels.

Activated Carbons
After the significant negative COVID impact in the prior year , the activated carbon division returned to strong growth across the core applications of flue gas treatment, biogas and VOC abatement. The Group has made further significant investments in its mobile filter vessel fleet in the year allowing the business to provide customers with a complete carbon filtration service across Europe. The business remains well placed to benefit from increasing demand for its products and services through increasing levels of renewable energy production and enhanced focus on the environmental impact of industrial processes.

Refractories
The Group's refractories division experienced a further difficult year driven by a prolonged impact of COVID-19 as the Steel Industry moved from COVID lockdowns to full scale production driven by high global steel prices, which resulted in limited maintenance shutdowns. Current demand is strong and the forward order book will result in the business producing at capacity for the vast majority of the current financial year.

Group research and development activities
The Group is committed to research and development activities in order to maintain and develop its market position in both the solid fuel market and activated carbon market. The main focus of this activity is on new product development, particularly the use of renewable biomass derived raw materials in solid fuel and developments in advanced carbon reactivation. In the year to 31 March 2022 £0.5m (2021: £0.4m) of costs attributable to research and development activities have been charged to the profit and loss account in the year.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key risks affecting the business are:

Weather

The sales of the solid fuel business are weather sensitive, leading to variability in demand and as a result, the Group requires a flexible operating structure. Achieving this flexibility is constantly under review to ensure the Group can take maximum benefit from favourable weather conditions while maintaining a low fixed cost base so that profitability is maintained even in mild years. Furthermore, the growing contribution of activated carbons and refractories helps to mitigate this impact.

Raw materials and energy

The Group is subject to movement in price and availability from global markets for its main raw material and energy requirements. These risks are managed as much as possible through flexible sourcing and securing definitive supply contracts.

Foreign Currency

The Group has foreign exchange transaction risks, which arise when entities within the Group enter into contracts to pay or receive funds in a currency different from the functional currency of the entity concerned. It is Group policy to hedge material net exposure to cash transactions in foreign currencies, usually through the use of a foreign exchange forward contract.

Key performance indicators

The Group uses a number of KPIs to monitor the performance of its businesses including:

- EBITDA – earnings before interest, tax, depreciation and amortisation;
- Gross margin % – the ratio of gross margin to sales expressed as a percentage;
- Trading profit % – the ratio of operating profit before exceptional items and goodwill amortisation to sales expressed as a percentage;
- Trading profit to capital employed % – the ratio of operating profit before exceptional items and goodwill amortisation to capital employed expressed as a percentage;
- Debtor days – the average length of time after a sale before payment is received;
- Creditor days – the average length of time after a purchase before payment is made;
- Stock turn – the number of times in a period that the stock is turned over.

Employment policies

The Group pursues a policy of providing, wherever possible, the same employment opportunities to disabled persons as to others, having regard to the aptitudes and abilities of each applicant.

Efforts are made to enable employees who become disabled during their employment to continue their career with the Group. Training, career development and promotion of disabled persons are, as far as possible, identical to that of other employees who are not disabled.

The Group recognises the high standards required to ensure the health, safety and welfare of its employees at work, its customers and the general public. The policies in this regard are regularly reviewed with the objective of ensuring these standards are maintained.

Adherence to the Group employment policies and health and safety performance is monitored on an ongoing basis.

Section 172 (1) statement

The directors have the duty to promote the success of the Group for the benefit of stakeholders as a whole and remain conscious of the impact their decisions have on employees, communities, suppliers, customers and the environment. The directors focus on engagement with all stakeholders and use this when taking decisions.

Long-term factors

The Group's strategy is to focus on core business performance while taking full advantage of opportunities in strategically important areas and product sectors. To this end, the directors have a developed a long-term plan which extends to 2025 and which the directors are committed to achieving.

Employee Considerations

The policy of the directors is to encourage the involvement of all employees in the development and performance of the Group. The Group communicates its strategy and performance against its business plan through a program of employee presentations. Consultation also takes place between the Group and recognised trade unions.

Other Stakeholder considerations

The directors believe that building and maintaining successful partnerships with all the Group's stakeholders is essential to the continued success of the business. The Group engages in regular dialogue with customers, suppliers and local communities in order to explain its objectives and to hear the views and concerns of the stakeholders, which are treated as an important part of the Group's decision-making process.

Environmental considerations

The directors recognise that the Group has a duty to protect the environment and its core long-term strategy is aligned to the achievement of this. By developing, manufacturing and marketing low-smoke fuels and fuels with increasing proportions of biomass and other renewable content we believe that we are making a significant contribution to the effort against climate change. Furthermore, our activated carbon business centres its business model around the ability to recycle spent carbon, avoiding landfill and production of virgin carbons, often from coal. We also strive to minimise our environmental footprint by operating as efficiently as possible and by ensuring that no opportunities to recycle waste products and packaging are ignored.

Section 172 (1) statement continued

Business Conduct

The policy of the directors is to behave responsibly and ensure that management operate the business in a responsible manner and with the highest standards of business conduct and good governance expected for a business such as ours. Policies and procedures in this regard are regularly reviewed to ensure these standards are maintained.

Act fairly for members

The Group has a single external shareholder and a single ultimate controlling party. The shareholder's interests are taken into account by the board in all decision making.

Energy and carbon reporting

Although the energy consumption from operations are a key focus area for the company, the use of CPL's hybrid biomass fuels and carbon reactivation process will increase the direct company emissions but result reduce in much lower emissions overall versus alternative products.

During the year ended 31 March 2022, the group consumed 82,363 MWh (2021: 78,062 MWh) of energy with the increase primarily related to increased production and distribution volumes. As our intensity metrics below show, our underlying performance shows a year on year improvement in both measures.

Our gross greenhouse gas (GHG) emissions for the year were 10,617 tCO2e (2021: 10,021 tCO2e) from combustion of gas (Scope 1), 3,325 tCO2e (2021: 3,138 tCO2e) from combustion of fuel for transport purposes (Scope 1), 2,212 tCO2e (2021: 2,500 tCO2e) from purchased electricity (Scope 2) and 40 tCO2e (2021: 16 tCO2e) from emissions from vehicles where we are responsible for purchasing the fuel (Scope 3). Our total gross tCO2e emissions were 16,194 (2021: 15,675 tCO2e).

For GHG emissions, we follow the most common approach to calculate GHG emissions from emission sources, which is to take activity data (e.g. units of electricity consumed, quantity of fuel consumed) and convert the activity data into tCO2e using the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard.

The Group continues to achieve direct savings in energy and associated carbon emissions, through operational and technological improvements, including:

- Ensuring all new motors purchased are of a minimum IE3 efficiency and are mostly controlled of VSD drives
- Ensuring al new air conditioning units are inverter controlled high efficiency units
- Upgrading of light fittings across the site to LEDs
- Replacing office boilers with rated condenser type units
- Additional indirect energy and carbon emission savings have also been achieved through a range of measures, including increasing operation use of videoconferencing, reducing the level of travel and associated transport fuel use.

Energy and carbon reporting continued

In order for the reported intensity ratios to best reflect our efficiency performance, we have chosen to report on the following two metrics. For our briquette manufacturing business, the most appropriate metric to measure the level of GHG emissions is per tonnes sold of our own manufactured product, being the key driver of production energy consumption, which was *0.04923 tCO2e/production tonne (2021: 0.05745 tCO2e/production tonne) in the year. For our* packing and distribution operations, the most appropriate metric to measure the level of GHG emissions is per total tonnes distributed, with emissions being 0.00723 tCO2e/tonne distributed (2021: 0.00809 tCO2e/tonne distributed).

Going Concern and post balance sheet events

On 31 August 2022, the Group entered into a new 3 year financing arrangement covering its major financing requirements through a combination of Wells Fargo Capital Finance (UK) Limited, Clydesdale Bank Plc and Blazehill Capital Finance Limited including an Asset Based Lending Facility and a number of secured loans. The Group also continues to maintain long-standing smaller financing arrangements with a number of other lenders, More details of the directors' going concern considerations are included in the section "Basis of preparation including going concern" within the Notes to the financial statements on page 19.

On behalf of the board of directors

J D Sutton
Chief Financial Officer
30 November 2022

Directors' report

for the year ended 31 March 2022

The directors present their report and *the audited consolidated financial statements of the Group and* individual financial statements of the Company for the year ended 31 March 2022.

Principal activities

The principal activities of the Group are the manufacture, distribution and sale of smokeless and other solid fuels. In addition, the Group has significant activities in the sale and distribution of activated carbon products, the reactivation of spent activated carbon and the sale and distribution of refractory materials.

The principal activity of the Company is to act as a parent company.

Directors

The directors of the Company who served during the year and up to the date of signing the financial statements are listed below:

J P V Mash	(Chairman)
R B Kendall	
T W Minett	(Resigned 27 October 2022)
D J Lamb	
J D Sutton	

Qualifying third-party indemnity provisions

Indemnity provisions in respect of directors' liability have been in force in the period from the start of the financial year to the date of this report. All the Company's directors were covered by these provisions.

Charitable and political contributions

The Group made contributions for charitable purposes of £35,813 (2021: £892) and made no political donations (2021: £nil) in the year. The Company made no charitable (2021: £nil) or political (2021: £nil) donations in the year.

Future developments

Details regarding future developments affecting the Group - primarily expected changes in key legislation - are disclosed within the Strategic Report.

Financial instruments

Use of derivatives

The Group uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency. The Group has interest rate exposure due to a number of debt instruments under which the payment of interest is based on variable rate. The Group uses interest rate swaps from time to time to fix interest rates and payments. Hedge accounting is used when certain criteria are met, as explained in the accounting policy in Note 1 to the financial statements.

Directors' report continued
for the year ended 31 March 2022

Post-balance sheet events

Details regarding post-balance sheet events are disclosed within the Strategic Report.

Research and development

Details regarding the research and development activities of the Group are disclosed within the Strategic Report.

Employment policies

Details regarding the employment policies of the Group are disclosed within the Strategic report.

Dividends

No dividends on ordinary shares have been declared or paid in the year ended 31 March 2022 (2021: £nil).

Independent auditors and disclosure of information to auditors

In the case of each director in office at the date of the Directors' report, so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware. Relevant information is defined as information needed by the Company's auditors in connection with preparing their report.

Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

In the absence of any notice proposing to terminate their appointment, RSM UK Audit LLP will be deemed to be reappointed for the next financial year. RSM UK Audit LLP have indicated their willingness to continue in office.

On behalf of the board

J D Sutton
Chief Financial Officer
30 November 2022

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed for the group and company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

On behalf of the board

J D Sutton
Chief Financial Office
30 November 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CPL INDUSTRIES GROUP LIMITED

We have audited the financial statements of CPL Industries Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated and company balance sheets, consolidated and company statement of changes in equity, consolidated cash flow statement 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 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 group's and of the parent company's affairs as at 31 March 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group and parent 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which *the financial statements are prepared is consistent with the financial statements; and*
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their 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 by the parent company, or returns adequate for *our audit have not been received from branches not visited by us; or*
- the parent company 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; or

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, 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 group's and the parent 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 group or the parent 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and cut-off of revenues as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied by management and substantive tests of detail on revenues recorded.

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.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alastair Nuttall

ALASTAIR JOHN RICHARD NUTTALL (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

30 November 2022

Consolidated profit and loss account

for the year ended 31 March 2022

	Note	2022 Before exceptional operating costs £'m	2022 Exceptional operating costs £'m	2022 Total £'m	2021 Before exceptional operating costs £'m	2021 Exceptional operating costs £'m	2021 Total £'m
Turnover	3	**179.8**	**-**	**179.8**	163.0	-	163.0
Operating costs	4	**(175.2)**	**(0.8)**	**(176.0)**	(156.2)	(0.3)	(156.5)
Other operating income	4	**0.8**	**-**	**0.8**	0.9	-	0.9
Operating profit		**5.4**	**(0.8)**	**4.6**	7.7	(0.3)	7.4
Net interest expense	8			**(3.7)**			(3.5)
Profit before taxation	9			**0.9**			3.9
Tax on profit	10			**(1.1)**			(0.4)
Profit after taxation				**(0.3)**			3.5
Profit for the financial year				**(0.3)**			3.5

All items dealt with in arriving at operating profit / (loss) above relate to continuing operations.

The notes to the financial statements on pages 19 to 56 form an integral part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March 2022

	Note	**2022 £'m**	2021 £'m
Profit for the financial year		**(0.3)**	3.5
Other comprehensive income:			
Remeasurement of net defined benefit obligation	22	**3.1**	6.6
Cash flow hedges			
Change in value of hedging instruments	25	**-**	(0.3)
Total tax on components of other comprehensive expense	10	**(0.6)**	(1.3)
Other comprehensive income for the year net of tax		**2.5**	5.0
Total comprehensive income for the year		**2.2**	8.5

Group and Company balance sheets

as at 31 March 2022

	Note	**Group 2022 £'m**	**Company 2022 £'m**	Group 2021 £'m	Company 2021 £'m
Fixed assets					
Intangible assets	12	**5.5**	**-**	6.6	-
Negative goodwill	12	**(0.1)**	**-**	(0.1)	-
Tangible assets	13	**33.7**	**-**	35.1	-
Investments	14	**0.5**	**37.2**	0.5	37.2
Retirement benefit in surplus	22	**7.3**	**-**	3.9	-
		46.9	**37.2**	46.0	37.2
Current assets					
Inventories	16	**29.0**	**-**	20.3	-
Debtors	17	**46.5**	**-**	40.9	0.6
Property under sale	18	**4.0**	**-**	4.0	-
Cash at bank and in hand		**3.6**	**-**	4.1	-
		83.1	**-**	69.3	0.6
Creditors: amounts falling due within *one year*	19	**(66.2)**	**(22.0)**	(46.5)	(16.3)
Net current assets / (liabilities)		**16.9**	**(22.0)**	22.8	(15.7)
Total assets less current liabilities		**63.8**	**15.2**	68.8	21.5
Creditors: amounts falling due after more than one year	20	**(26.3)**	**(10.5)**	(32.3)	(14.3)
Provisions for liabilities	21	**(4.4)**	**-**	(4.0)	-
Retirement benefit in deficit	22	**(10.6)**	**-**	(12.2)	-
Net assets		**22.5**	**4.7**	20.3	7.2
Capital and reserves					
Called up share capital	23	**-**	**-**	-	-
Share premium account		**8.2**	**8.2**	8.2	8.2
Other reserves	24	**2.9**	**-**	2.9	-
Profit and loss account	24				
At 1 April		**9.2**	**(1.0)**	0.7	0.5
(Loss) / profit for the year attributable to the owners		**(0.3)**	**(2.5)**	3.5	(1.5)
Other comprehensive income		**2.5**	**-**	5.0	-
		11.4	**(3.5)**	9.2	(1.0)
Total shareholders' funds		**22.5**	**4.7**	20.3	7.2

The financial statements on pages 14 to 56 were approved by the Board of Directors on 30 November 2022 and were signed on its behalf by:

J D Sutton
Chief Financial Officer
CPL Industries Group Limited
Company Registration Number 7717350

Consolidated cash flow statement
for the year ended 31 March 2022

	Note	2022	2021
		£'m	£'m
Net cash from operating activities	26	**2.6**	12.1
Taxation paid		**-**	-
Net cash generated from operating activities		**2.6**	12.1
Cash flow from investing activities			
Purchase of other businesses (net of cash acquired)		**-**	(0.3)
Purchase of tangible assets	13	**(3.7)**	(2.0)
Proceeds of tangible asset disposals		**0.2**	0.9
Pension deficit payments		**(1.8)**	(1.4)
Interest received		**0.1**	0.1
Net cash used in investing activities		**(5.4)**	(2.7)
Cash flow from financing activities			
Drawdown / (repayment) of bank loans		**6.4**	(5.3)
Repayment of Loan Notes		**(0.1)**	(0.1)
Repayment of finance leases		**(0.9)**	(1.0)
Change in value of hedging instruments		**-**	-
Interest paid		**(3.0)**	(2.5)
Net cash generated / (used in) generated from financing activities		**2.4**	(8.9)
Net increase in cash and cash equivalents		**(0.4)**	0.5
Cash and cash equivalents at the beginning of the year		**4.1**	3.7
Exchange loss on cash and cash equivalents		**(0.1)**	(0.1)
Cash and cash equivalents at the end of the year		**3.6**	4.1
Cash and cash equivalents consist of:			
Cash at bank and in hand		**3.6**	4.1
Cash and cash equivalents		**3.6**	4.1

Consolidated statement of changes in equity

for the year ended 31 March 2022

	Called up share capital £'m	Share premium account £'m	Foreign exchange reserve £'m	Hedging reserve £'m	Capital redemption reserve £'m	Profit and loss account £'m	Total shareholders' funds £'m
Balance at 1 April 2020	-	8.2	(0.3)	(0.1)	2.9	1.1	11.8
Profit for the financial year	-	-	-	-	-	3.5	3.5
Other comprehensive income / (expense) for the year	-	-	(0.3)	-	-	5.3	5.0
Total comprehensive income / (expense) for the year	-	-	(0.3)	-	-	8.8	8.5
Balance at 31 March 2021	-	8.2	(0.6)	(0.1)	2.9	9.9	20.3
Balance at 1 April 2021	**-**	**8.2**	**(0.6)**	**(0.1)**	**2.9**	**9.9**	**20.3**
Profit for the financial year	**-**	**-**	**-**	**-**	**-**	**(0.3)**	**(0.3)**
Other comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**2.5**	**2.5**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**2.2**	**2.2**
Balance at 31 March 2022	**-**	**8.2**	**(0.6)**	**(0.1)**	**2.9**	**12.1**	**22.5**

Company statement of changes in equity

for the year ended 31 March 2022

	Called up share capital £'m	Share premium account £'m	Foreign exchange reserve £'m	Hedging reserve £'m	Capital redemption reserve £'m	Profit and loss account £'m	Total shareholders' funds £'m
Balance at 1 April 2020	-	8.2	-	-	-	0.5	8.7
Loss for the financial year	-	-	-	-	-	(1.5)	(1.5)
Balance at 31 March 2021	-	8.2	-	-	-	(1.0)	7.2
Balance at 1 April 2021	**-**	**8.2**	**-**	**-**	**-**	**(1.0)**	**7.2**
Loss for the financial year	**-**	**-**	**-**	**-**	**-**	**(2.5)**	**(2.5)**
Balance at 31 March 2022	**-**	**8.2**	**-**	**-**	**-**	**(3.5)**	**4.7**

Notes to the financial statements

for the year ended 31 March 2022

1 Statement of significant accounting policies

Statement of compliance

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

The Company is a private company limited by shares and is incorporated in England, United Kingdom. The *address of its registered office is Westthorpe Fields Road, Killamarsh, Sheffield, S21 1TZ.*

Basis of preparation including going concern

These consolidated and individual financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities at fair value. They are prepared in sterling, which is the functional currency of the Group, rounded to the nearest £0.1m.

The directors have considered the adequacy of the Group's financial resources through a review of the financial projections for the business and taking into account the refinancing of the Group's principal debt facilities post year end.

The Group's existing facilities were due to expire on 31 March 2023. On 31 August 2022 these facilities were replaced with new facilities provided by Wells Fargo Capital Finance (UK) Limited, Clydesdale Bank Plc and Blazehill Capital Finance Limited. These facilities include Asset Backed Lending facilities and loans secured on the assets of the business up to a value of £51.5m expiring on 31 August 2025.

After careful consideration the directors are satisfied that the Group has adequate financial resources and actions available to undertake as necessary to continue in operation for the foreseeable future being at least twelve months from the date of signing the financial statements.

The directors have considered the impact of rising commodity prices and other inflationary pressures on the business, including its supply chain, workforce and working capital. Sensitised forecasts have been prepared in order to anticipate plausibly severe scenarios in which the business may have to operate. Customers' payment performance is closely monitored and appropriate impairment provisions are raised where necessary, Overall, the directors consider that that there is sufficient headroom within the company's available financing facilities, that the business is well placed to pass on any such increases to customers and do not expect that such inflationary pressures to have a significant negative impact on the business.

The directors consider that in addition to the comfort gained from the modelling work carried out, if required, the Group has the ability to raise additional funds through the sale of strategic assets and properties. Furthermore, the Group has shareholders who have provided support to the business, as demonstrated by the additional funds and facilities provided to the Group (as detailed in note 20).

For these reasons the directors continue to apply the going concern basis in preparing the financial statements.

The principal accounting policies, which have been applied consistently throughout the year, are set out below:

Basis of consolidation

The Group financial statements consolidate the financial statements of CPL Industries Group Limited and all its subsidiary undertakings made up to 31 March 2022. No profit and loss account is presented for CPL Industries Group Limited, as permitted by section 408 of the Companies Act 2006.

Notes to the financial statements continued

for the year ended 31 March 2022

1 Statement of significant accounting policies continued

Basis of consolidation continued

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders. The Company has taken advantage of the exemption from preparing a statement of cashflows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included within these financial statements, includes the Company's cash flows.

As permitted by section 479A of the Companies Act 2006, the Company intends to take advantage of the audit exemption in relation to the individual accounts of these companies. As required, CPL Industries Group Limited guarantees all outstanding liabilities to which these subsidiary companies are subject at 31 March 2022, until they are satisfied in full. This is in accordance with section 479C of the Companies Act 2006. The guarantee is enforceable against CPL Industries Group Limited as the parent undertaking, by any party to whom these subsidiary companies are liable in respect of these liabilities.

Aside from the transactions disclosed in Note 6 and Note 29, the Company's other related party transactions were with wholly owned subsidiaries and have not been disclosed.

Dividends

Dividends are recognised when they become legally payable. Interim dividends are recognised when paid. Final dividends are recognised when approved by the shareholders.

Business combinations and goodwill

Business combinations are accounted for under the purchase method, with the fair value of the assets, liabilities and contingent liabilities identified at the acquisition date. Goodwill recognised represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill is capitalised within intangible assets and is eliminated by amortisation through the profit and loss account over its useful economic life (being the period over which the directors have assessed for each acquisition that benefits can be expected). Where the Group is unable to make a reliable estimate of its useful life, goodwill is amortised over a period not exceeding ten years.

Detailed impairment reviews are conducted where events or changes in circumstances indicate that the amortised carrying value of goodwill may not be recoverable. The impairment write down, which is charged to the profit and loss account in the period of review if it is considered permanent, is calculated by reference to the higher of the fair values less cost to sell and the value in use based on risk adjusted discounted cash flows.

Negative Goodwill

Negative goodwill arising on the acquisition of businesses is capitalised and eliminated by amortisation through the profit and loss account over the directors' estimate of its useful economic life, to a maximum of ten years.

Notes to the financial statements continued

for the year ended 31 March 2022

1 Statement of significant accounting policies continued

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

Revenue from product sales is recognised upon despatch to the customer or, in the case of goods supplied ex-works, upon collection by the customer or agent.

The Group recognises revenue when (a) the significant risks and rewards of ownership have been *transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the* amount of revenue can be measured reliably and (d) it is probable that future economic benefits will flow to the Group.

Investments

Fixed asset investments are recorded at the aggregate of the fair value of the shares issued in connection with the acquisition, cash consideration and costs incidental to the acquisition, less any amounts written off for permanent diminution in value.

Tangible assets

Tangible assets are stated at historic purchase cost (or deemed cost) or valuation less accumulated depreciation. The cost of tangible assets is their purchase cost, together with any incidental costs of acquisition, or in the case of assets included in acquisitions, their fair value.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, after providing for any permanent diminution in value and taking into account the estimated residual value of each asset, evenly over the shorter of the estimated life of the activity and the estimated life of the asset.

The principal useful lives used for this purpose are:

Freehold land and buildings and long leasehold	50 years or over period of lease if less than 50 years
Land and buildings	(Freehold land is not depreciated)
Industrial buildings	40 years or over period of lease if less than 40 years
Plant, machinery and equipment	3 - 25 years
Motor vehicles	5 years

The estimated lives of individual activities are reviewed from time to time and are amended when circumstances change.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Software	3 - 5 years

Amortisation is charged to operating costs in the profit and loss account.

Where factors such as technological advancement or changes in market price indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

1 Statement of significant accounting policies continued

Investment properties
Certain of the Group's properties are held for long-term investment. Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure. Investment properties whose fair value can be measured reliably are measured at fair value, with the valuation reassessed on an annual basis. Movements in fair value are recognised in the profit and loss account.

Investment properties are transferred to Property under sale at the point they are being marketed for sale and a sale is likely within the next twelve months.

Research and development
Expenditure on research and development is charged to the profit and loss account in the period in which it is incurred. Tangible assets purchased for the purposes of aiding research and development are capitalised and depreciated over the estimated useful life of the asset.

Operating and finance leases
Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Leasing agreements which transfer to the Group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a consistent periodic rate of charge on the remaining balance outstanding at each accounting year. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Inventories - raw materials and consumable stores
Stocks of raw materials, including materials in transit, are valued at the lower of cost to the operating entity holding the stock prior to processing and net realisable value. Stocks of consumable stores are generally valued at standard purchase prices. A specific provision is held to cover latent obsolescence, damages and redundant stocks.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

Inventories - finished goods and goods for resale
Finished goods and goods for resale are valued at the lower of the cost at the time of production or the cost of purchase, and the net realisable value, at the balance sheet date. In the case of manufactured products, cost includes all direct expenditure and production costs. To arrive at net realisable value, undistributed stocks of manufactured fuels are valued at current net selling price less specific provisions for loss of weight or degradation in size and quality.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account.

Property under sale
Property under sale represents properties which the Group anticipates will be disposed of in the foreseeable future.

Current taxation
Current tax is the expected amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

1 Statement of significant accounting policies continued

Deferred taxation
Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Employee benefits
The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

Short term benefits
Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service arises.

Defined contribution pension plan
The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in a group personal pension plan arrangement. The pension cost charge disclosed in Note 22 represents contributions payable by the Group to the plan.

Defined benefit pension plans
The Group also operates a number of defined benefit pension schemes, the assets of which are held separately from those of the Company in funds independently administered by the respective trustee boards. All defined benefit pension schemes operated by the Group are closed to new entrants and the defined benefit section of the CPL Industries Pension Plan has been closed to future accruals of benefit since 30 April 2004.

The funds are valued every three years by a professionally qualified independent actuary with the rates of contribution payable being determined by the actuary. In the intervening years, the actuary reviews the continuing appropriateness of the rates.

Liabilities and surpluses recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date. A surplus is only recognised to the extent that it is recoverable through reduced contributions in the future or through refunds from the plan.

The defined benefit obligation is measured using the projected unit actuarial method and is discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability.

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit obligation'.

1 Statement of significant accounting policies continued

Employee benefits *continued*

The cost of the defined benefit plan, recognised in the profit and loss account as employee costs, except where included in the cost of an asset, comprises:

(a) the increase in pension benefit obligation arising from employee service during the period; and

(b) the cost of plan introductions, benefit charges, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the profit and loss account as 'Other finance cost' within 'Net interest expense'.

Annual bonus plans
The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and when a reliable estimate of the obligation can be made.

Foreign currencies

Functional and presentation currency
The Group financial statements are presented in pounds sterling, rounded to the nearest £0.1m.

The Company's functional and presentation currency is also the pound sterling.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'Net interest expense'. All other foreign exchange gains and losses are presented in the profit and loss within 'Operating costs'.

Translation
The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings are translated at the exchange rates at the year end. Exchange adjustments arising from the re-translation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income'.

Concessionary fuel

The Group accrues for the cost of providing concessionary fuel or a cash alternative to its employees and their dependants, in retirement, over their working lives.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary in order to provide further understanding of the financial performance of the Group. They are material non-recurring items of income or expense that have been shown separately due to the significance of their nature or amount, and are presented within the line items to which they best relate.

Notes to the financial statements continued

for the year ended 31 March 2022

1 Statement of significant accounting policies continued

Borrowing costs

All interest and other borrowing costs, including refinancing costs, are expensed as incurred.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned by the Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary in order to understand the effect of the transactions on the Group financial statements.

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price and subsequently carried at amortised cost using the effective interest method. At the end of each reporting period basic financial assets are assessed for impairment. If basic financial asset is impaired, the carrying value is reduced and an impairment charge is recognised in the profit and loss account.

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 the profit and loss account, 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.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price.

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

Derivatives, including foreign exchange contracts and interest rate swaps, are not basic financial instruments.

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently measured at fair value. Changes in the fair value of derivatives are recognised in the profit and loss account in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

1 Statement of significant accounting policies continued

Financial instruments continued

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

Hedging arrangements
The Group applies hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

The Group also applies hedge accounting for transactions entered into in order to manage the cash flow exposure of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge) is recognised in the profit and loss account.

The gain or loss recognised in other comprehensive income is reclassified to the profit and loss account when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires; no longer meets the hedging criteria; the forecast transaction is no longer probable; the hedged debt instrument is derecognised or the hedging instrument is terminated.

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Net debt
The Group defines net debt as being external debt net of any cash and cash equivalents. Balances with shareholders and other related parties are not included within net debt.

Preference shares
Preference shares that provide for a mandatory redemption by the issuer or for a fixed or determinable amount at a fixed date or determinable future date, or gives the holder the right to require the issuer to redeem the instrument at or after a particular date for a fixed or determinable amount are treated as financial liabilities. Initial measurement of such liabilities is at the transaction price, including any transaction costs, with subsequent measurement at amortised cost using the effective interest method.

The interest expense on the liability element is calculated using the effective interest method and charged to profit or loss each year.

2 Critical accounting judgements and estimation uncertainty

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

Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Defined benefit pension scheme
The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

Fair values on acquisitions
The fair value of tangible and intangible assets acquired on acquisitions involved the use of valuation techniques and the estimation of future cash flows to be generated over a number of years. The estimation of the fair values requires the combination of assumptions including revenue growth, sales mix and volumes, rental values and increases in customer attrition rates.

Useful life of goodwill and intangible assets
The Group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business; the expected useful life of the cash generating units to which the goodwill is attributed; any legal, regulatory or contractual provisions that can limit the useful life; and assumptions that market participants would consider in respect of similar businesses.

Impairment of non-current assets
Where there are indicators of impairment of individual assets, the Group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows include neither restructuring activities to which the Group is not yet committed, nor to significant future investments which would enhance the performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Provisions
Provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Taxation
Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in Note 10.

Notes to the financial statements continued

for the year ended 31 March 2022

3 Turnover

Analysis of turnover by destination

	2022	2021
	£'m	£'m
United Kingdom	**144.8**	129.5
Republic of Ireland	**13.6**	17.5
Rest of Europe	**18.6**	13.3
Rest of the World	**2.8**	2.7
	179.8	163.0

Analysis of turnover by origin

	2022	2021
	£'m	£'m
United Kingdom	**148.9**	134.5
Republic of Ireland	**14.0**	17.6
Rest of Europe	**16.1**	10.8
Rest of the World	**0.8**	0.1
	179.8	163.0

All turnover relates to the sale of goods and related services.

The segmental analysis by division that our chief operating decision maker reviews the business by is as follows

	2022	2022	2021	2021
	Turnover	Operating Profit	Turnover	Operating profit
	£'m	£'m	£'m	£'m
UK solid fuel	**128.1**	**5.2**	117.0	7.2
Ireland solid fuel	**14.0**	**(3.0)**	17.5	(1.4)
Activated carbons	**26.5**	**1.7**	20.9	2.2
Other	**11.3**	**0.7**	7.6	(0.6)
	179.8	**4.6**	163.0	7.4

4 Operating costs and other operating income

Analysis of operating costs by type

	2022	2021
	£'m	£'m
Cost of sales	**138.9**	118.7
Distribution costs	**30.6**	28.2
Administrative expenses	**6.7**	9.3
	176.2	156.2

Notes to the financial statements continued

for the year ended 31 March 2022

4 Operating costs and other operating income continued

Analysis of costs by category

	2022	2021
	£'m	£'m
Raw materials and consumables stores	**113.0**	98.3
Employee costs (Note 7)	**26.0**	25.8
Depreciation (Note 13)	**4.9**	5.0
Amortisation of intangible assets (Note 12)	**1.1**	1.1
Research and development	**0.5**	0.4
Non-recurring costs	**0.2**	-
Other operating charges and other external charges	**29.5**	25.6
	175.2	156.2
Exceptional operating costs (Note 5)	**0.8**	0.3
Operating costs	**176.0**	156.5

	2022	2021
	£'m	£'m
Other operating income	**0.8**	0.9
	0.8	0.9

Other operating income of £0.8m (2021: £0.9m) includes services provided (including related costs) to Puragen Group Limited, a related party. Non-recurring costs in the year to 31 March 2022 comprise £0.2m (2021 : £nil) of non-trading costs relating to the maintenance of a closed, non-operating site in the UK.

Notes to the financial statements continued
for the year ended 31 March 2022

5 Exceptional operating costs

	2022 £'m	2021 £'m
Impact of GMP on pension schemes	-	0.2
Legal claim	-	(0.8)
Restructuring, redundancy & other	**0.8**	0.9
	0.8	0.3

Restructuring costs incurred in the year of £0.8m (2021: £0.9m) relate to organisational restructuring required to lower the fixed cost base of the business.

6 Directors' emoluments

Directors	2022 £'m	2021 £'m
Aggregate emoluments	**0.9**	0.9
	0.9	0.9

Highest paid director	2022 £'000	2021 £'000
Aggregate emoluments	**461**	515

Aggregate emoluments of the highest paid director includes £108,000 (2021: £43,000) under an incentive programme for achieving certain objectives.

Included within aggregate emoluments are total contributions on behalf of directors into the Group's defined contribution scheme of £88,000 (2021: £67,000). No retirement scheme benefits are accruing to any directors under the Group's defined benefit scheme.

Key management compensation
Key management consists of the directors, therefore all compensation paid or payable to key management for employee services is disclosed above. Key management compensation for the Company is borne by other group companies. (2021: £nil).

Notes to the financial statements continued
for the year ended 31 March 2022

7 Employee information

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

	2022 Number	2021 Number
Production	**155**	178
Selling and distribution	**400**	333
Administration	**109**	97
	664	608

	2022 £'m	2021 £'m
Staff costs (for the above persons)		
Wages and salaries	**21.9**	21.9
Social security costs	**2.2**	2.2
Other pension costs (Note 22)	**1.9**	1.7
	26.0	25.8

The Company does not have any employees (2021: None).

8 Net interest expense

	2022 £'m	2021 £'m
Bank loans	**(2.0)**	(1.6)
Preference share dividends	**(0.4)**	(0.4)
Loan note interest	**(0.5)**	(0.8)
Other finance cost (Note 22)	**(0.9)**	(0.8)
Interest payable and similar expenses	**(3.8)**	(3.6)
Bank and other interest receivable	**0.1**	0.1
Interest receivable and similar income	**0.1**	0.1
Net interest expense	**(3.7)**	(3.5)

Other finance cost includes £0.6m (2021: £0.4m) of expenses relating to the renewal of the Group's previous financing facilities with Lloyds Bank Plc in September 2021 and the arrangement of new financing facilities provided by Wells Fargo Capital Finance (UK) Limited, Clydesdale Bank Plc and Blazehill Capital Finance Limited which were finalised on 31 August 2022.

Notes to the financial statements continued
for the year ended 31 March 2022

9 Loss before taxation

	2022 **£'m**	2021 £'m
Loss before taxation is stated after charging:		
Amortisation of intangible assets	**1.2**	1.1
Depreciation charge on tangible assets	**4.8**	5.0
Research and development	**0.4**	0.4
Operating lease charges	**5.4**	4.6

	2022 **£m**	2021 £m
Services provided by the Company's auditors and their associates:		
Fees payable to the Company's auditors for the audit of:		
- the parent company, and the Group's consolidated financial statements	**0.2**	0.2
- the Group's subsidiary company financial statements	**0.1**	0.2
Fees payable to the Company's auditors for other services:		
Tax compliance and advisory services	**-**	-
Other services	**-**	-

Notes to the financial statements continued
for the year ended 31 March 2022

10 Tax on loss

Tax expense included in profit or loss	2022	2021
	£'m	£'m
Current Tax:		
United Kingdom corporation tax on losses of the year	**(0.5)**	(0.1)
Foreign corporation tax on losses of the year	**0.1**	(0.1)
Total current tax	**(0.4)**	(0.2)
Deferred Tax:		
Origination and reversal of timing differences:		
Current year	**(0.7)**	(0.2)
Impact of change in tax rate	**-**	-
Total deferred tax	**(0.7)**	(0.2)
Tax on loss	**(1.1)**	(0.4)

Tax income included in other comprehensive expense	2022	2021
	£'m	£'m
Deferred Tax:		
Origination and reversal of timing differences	**(0.6)**	(1.3)
Total tax income included in other comprehensive expense	**(0.6)**	(1.3)

Notes to the financial statements continued
for the year ended 31 March 2022

10 Tax on profit continued

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

	2022	2021
	£'m	£'m
Profit before taxation	**0.9**	3.9
Loss before taxation multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%)	**(0.2)**	(0.7)
Effects of:		
Brought forward tax losses utilised	**1.0**	1.0
Other timing differences	**(0.2)**	(0.2)
Adjustments related to prior periods	**(0.2)**	-
Expenses not deductible for tax purposes	**(1.1)**	(0.6)
Pension deficit contribution made in the period	**0.2**	0.3
Adjustment in respect of anti-hybrid legislation	**(0.1)**	(0.1)
Impact of foreign tax rates	**0.1**	(0.1)
Recognition of additional deferred tax assets related to tax losses	**(0.6)**	-
Tax on profit	**(1.1)**	(0.4)

Deferred taxation

The Group recognises a deferred tax asset in relation to non-trade losses of £4.0m (2021: £4.2m) in one of the subsidiaries, CPL Industries Limited. The amount recognised in the year is equal to the amount expected to be recovered against future profits. A further asset of £0m (2021: £0.6m) remains unrecognised. The Group also recognises further deferred tax assets of £0.5m (2021: £0.6m) relating to trade losses in CPL Fuels Ireland Limited and Homefire Group Limited (formerly known as CPL Distribution Limited).

Further deferred tax assets were recognised in relation to the pension deficit £2.0m (2021: £2.3m) and other timing differences of £0.4m (2021: £0.7m). A deferred tax asset in respect of derivative financial instruments of less than £0.1m (2021: less than £0.1m) was also recognised.

11 Loss for the financial year

As permitted by Section 408 of the Companies Act 2006, the Company's profit and loss account has not been included in these financial statements. The Company's loss after taxation for the financial year, including dividends received was £2.5m (2021: loss £1.5m).

12 Intangible assets

The Company has no intangible assets (2021: £nil). Details relating to the Group are as follows:

	Goodwill	Software	Total	Negative Goodwill
	£'m	£'m	£'m	£'m
Cost				
At 01 April 2021	11.9	2.2	14.1	(0.2)
Transfers from tangible assets	-	-	-	-
At 31 March 2022	**11.9**	**2.2**	**14.1**	**(0.2)**
Accumulated amortisation				
At 1 April 2021	5.6	1.9	7.5	(0.1)
Charge for year	1.0	0.1	1.1	-
Transfers from tangible assets	-	-	-	-
At 31 March 2022	**6.6**	**2.0**	**8.6**	**(0.1)**
Net book value				
At 31 March 2022	**5.3**	**0.2**	**5.5**	**(0.1)**
At 31 March 2021	6.3	0.3	6.6	(0.1)

The negative goodwill of £(0.1)m (2021: £(0.1)m) arose on the revaluation to fair value of tangible assets recognised on the acquisition of CPL Industries Holdings Limited in 2013.

Notes to the financial statements continued
for the year ended 31 March 2022

13 Tangible assets

The Company has no tangible assets (2021: £nil). Details of those relating to the Group are as follows:

	Freehold land and buildings	*Long leasehold land and buildings*	*Industrial buildings*	*Plant, machinery and equipment*	*Motor vehicles*	*Total*
	£'m	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Cost						
At 01 April 2021	6.8	1.1	2.8	105.9	0.6	117.2
Additions	0.1	-	-	3.6	-	3.7
Disposals	-	-	-	(0.5)	-	(0.5)
Transfers to intangible assets	-	-	-	-	-	-
At 31 March 2022	**6.9**	**1.1**	**2.8**	**109.0**	**0.6**	**120.4**
Accumulated depreciation						
At 1 April 2021	2.8	0.6	2.6	75.5	0.6	82.1
Charge for year	0.3	-	-	4.6	-	4.9
Disposals	-	-	-	(0.3)	-	(0.3)
Transfers to intangible assets	-	-	-	-	-	-
At 31 March 2022	**3.1**	**0.6**	**2.6**	**79.8**	**0.6**	**86.7**
Net book value						
At 31 March 2022	**3.8**	**0.5**	**0.2**	**29.2**	**-**	**33.7**
At 31 March 2021	4.0	0.5	0.2	30.4	-	35.1

The depreciation charge for the year in respect of long leasehold land and buildings was less than £0.1m.

The net carrying amount of assets held under finance leases included in plant, machinery and equipment is £3.4m (2021 £4.6m). Depreciation charged during the year in relation to these assets amounted to £0.9m (2021: £0.6m).

14 Investments

The Group has a fixed asset investment as follows:

	£'m
Cost and net book value	
At 1 April 2021	0.5
At 31 March 2022	**0.5**

The Group's fixed asset investment represents its 9.0% interest in Ingelia SL, a Spanish legal entity.

The Company has fixed assets investments as follows:

	£'m
Cost and net book value	
At 1 April 2021	37.2
At 31 March 2022	**37.2**

The Company's fixed asset investment represents its 100% interest in CPL Industries Holdings Limited, a company incorporated in England & Wales, which in turn has interests in other Group undertakings at cost (Note 15).

Notes to the financial statements continued

for the year ended 31 March 2022

15 Interests in Group undertakings

The more significant undertakings owned by the Group and included in the consolidation are as follows:

Principal operating subsidiaries in the United Kingdom:

Name of undertaking	Type of shares held	Proportion of nominal value of issued shares held by the Group	Country of incorporation
CPL Industries Holdings Limited	£0.01 ordinary shares	* 100	England & Wales
CPL Industries Limited	£1.00 ordinary shares	100	England & Wales
CPL Industries (EMEA) Limited	£1.00 ordinary shares	100	England & Wales
CPL Products Limited (formerly known as Coal Products Limited)	£1.00 ordinary shares	100	England & Wales
Homefire Group Limited (formerly known as CPL Distribution Limited)	£1.00 ordinary shares	100	England & Wales
Carbon Link Limited	£1.00 ordinary shares	100	England & Wales
Walter H Feltham & Son Limited •	£1.00 ordinary shares	100	England & Wales
Castletown Fuels Limited	£1.00 ordinary shares	100	England & Wales
Housefuel Limited •	£1.00 ordinary shares	100	England & Wales
CPL France Limited •	£1.00 ordinary shares	100	England & Wales
CPL Industries Latvia Limited •	£1.00 ordinary shares	100	England & Wales
CPL Trading Limited •	£1.00 ordinary shares	100	England & Wales
CPL Icon Processing Limited	£1.00 ordinary shares	100	England & Wales

** = Shares held directly by the Company*

• = As permitted by section 479A of the Companies Act 2006, the Company intends to take advantage of the audit exemption in relation to the individual accounts of these companies. As required, CPL Industries Group Limited guarantees all outstanding liabilities to which these subsidiary companies are subject at 31 March 2022, until they are satisfied in full. This is in accordance with section 479C of the Companies Act 2006. The guarantee is enforceable against CPL Industries Group Limited as the parent undertaking, by any party to whom these subsidiary companies are liable in respect of these liabilities.

Principal operating subsidiaries incorporated outside the United Kingdom:

Name of undertaking	Type of shares held	Proportion of nominal value of issued shares held by the Group	Country of incorporation
CPL Fuels Ireland Limited	€1.00 ordinary shares	100	Ireland
CPL GalaQuim S.L.	€1.00 ordinary shares	90	Spain
CPL Cardek (PTY) Limited	ZAR 1.00 ordinary shares	100	South Africa
SPRL CPL Belgium	€1.00 ordinary shares	100	Belgium
NV Kolengroothandel Gijsen	€49.60 ordinary shares	100	Belgium
BVBA Antraco	€31.00 ordinary shares	100	Belgium
SIA Wood4U	€1.00 ordinary shares	100	Latvia

The directors believe that the book value of investments is supported by their underlying net assets at the balance sheet date.

The registered office address of all undertakings incorporated in England & Wales is Westthorpe Fields Road, Killamarsh, Sheffield, United Kingdom, S21 1TZ.

The registered office of Castletown Fuels Limited is Millennium House, Victoria Road, Douglas, Isle of Man, IM2 4RW.

The registered office of CPL Fuels Ireland is 1 Jocelyn Place, Dundalk, County Louth, Ireland.

The registered office of CPL GalaQuim S.L. is Calle López de Hoyos 155, Planta 2ª, Puerta 6, 28002 Madrid, Spain.

15 Interests in Group undertakings continued

The registered office of CPL Cardek (PTY) Limited is 2 Eglin Road, Sunninghill, Johannesburg 2157, South Africa.

The registered office of SPRL CPL Belgium, BVBA Antraco and NV Kolengroothandel Gijsen is Rue Royale 97, 1000 Brussels, Belgium.

The registered office of SIA Wood4U is Skolas iela 30 – 2, 1010 Riga, Latvia.

In addition to the above undertakings, the Group also owns the following dormant subsidiaries which are included in the consolidation but which do not have a significant impact on the consolidated financial statements. As permitted by section 479A of the Companies Act 2006, the Company intends to take advantage of the audit exemption in relation to the individual accounts of these companies:

Broomco (1850) Limited
C Rudrum & Sons (Cornwall) Limited
C Rudrum & Sons Limited
Carbon Link Holdings Limited
Corralls Coal Limited
CPL Environmental Americas Limited
CPL Environmental Limited
CPL Hargreaves Limited
CPL Industrial Services (Holdings) Limited
CPL Industries Pension Trustees Limited
CPL Logistics Limited
CPL Pension Trustees (Distribution) Limited
CPL Pension Trustees Limited
CPL Property Limited
CPL South Africa Limited
CPL Trustees Limited
CPLD Limited
Heptagon Limited
Heptagon Trustees Limited
Midwinter Oil Supplies Limited
Palco Shipping and Trading Limited
Sadler Tankers Limited

16 Inventories

	Group	**Company**	Group	Company
	2022	**2022**	2021	2021
	£'m	**£'m**	£'m	£'m
Raw materials and consumables	**6.5**	-	5.5	-
Finished goods and goods for resale	**22.5**	-	14.8	-
	29.0	-	20.3	-

Inventories are stated after provisions for impairment of £0.7m (2021: £0.8m).

17 Debtors

	Group 2022 £'m	**Company 2022 £'m**	Group 2021 £'m	Company 2021 £'m
Trade debtors	**32.1**	**-**	25.1	-
Other debtors	**2.5**	**-**	3.5	-
Directors' loans	**1.8**	**-**	1.7	-
Corporation tax	**0.7**	**-**	0.5	-
Group relief receivable	**-**	**-**	-	0.6
Derivative financial instruments (Note 25)	**0.1**	**-**	0.1	-
Deferred tax (Note 10)	**7.0**	**-**	7.9	-
Prepayments and accrued income	**2.3**	**-**	2.1	-
	46.5	**-**	40.9	0.6

Deferred tax includes £7.5m (2021: £7.9m) expected to be recovered after more than one year.

A shareholder-approved loan of £1.4m was made from CPL Industries Limited to a director in June 2014. Interest is payable at HM Revenue & Customs' official rate of interest and is calculated annually. At 31 March 2022, the outstanding loan balance was £1.8m (2021: £1.7m).

18 Property under sale

	Group 2022 £'m	**Company 2022 £'m**	Group 2021 £'m	Company 2021 £'m
Freehold property held for sale	**4.0**	**-**	4.0	-
	4.0	**-**	4.0	-

Assets held for sale are the former investment properties in South Wales, which were transferred from Tangible assets in the year to 31 March 2019. Although an offer has not been formally accepted at this stage, *negotiations are well progressed. The directors consider the holding value in the accounts of* £4.0m to represent the best estimate of expected sale proceeds.

19 Creditors: amounts falling due within one year

	Group 2022 £'m	**Company 2022 £'m**	Group 2021 £'m	Company 2021 £'m
Trade creditors	**19.2**	-	14.0	-
Asset-based borrowings	**22.3**	-	10.7	-
Amounts owed to group undertakings	-	**17.7**	-	13.4
Loan Notes	-	**0.1**	0.1	0.1
Preference dividend payable	**4.6**	-	4.2	-
Other creditors	**1.4**	-	1.0	-
Group Relief Payable	-	**0.4**	-	-
Corporation Tax	**0.6**	-	0.3	-
Other taxation and social security	**4.4**	-	5.1	-
Finance leases	**0.8**	-	1.0	-
Derivative financial instruments (Note 25)	-	-	0.1	-
Accruals and deferred income	**12.9**	**3.8**	10.0	2.8
	66.2	**22.0**	46.5	16.3

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

At the balance sheet date, the Group had a £25.0m working capital facility provided by Lloyds Commercial Finance Limited, which commenced in April 2011 and which has a three month notice period. Asset-based borrowings include the Group's balance in a cash pooling arrangement as part of this facility. This facility was replaced with a new facility provided by Wells Fargo Capital Finance (UK) Limited and Clydesdale Bank Plc on 31 August 2022 (see Note 32 Post Balance Sheet Events for further details)

The Group has a €10m working capital facility provided by Bank of Ireland, which commenced in November 2018 and which has a six month rolling notice period. Asset-based borrowings include the partial drawdown on this facility, secured on the Company's inventories and trade debtors.

The Group has a working capital facility under which CPL France Limited assigns all of its turnover to Credit Agricole Leasing and Factoring. This commenced in July 2018 and has a three month rolling notice period.

Notes to the financial statements continued
for the year ended 31 March 2022

20 Creditors: amounts falling due after more than one year

Borrowings and other creditors	Group 2022 £'m	Company 2022 £'m	Group 2021 £'m	Company 2021 £'m
Amounts falling due between one and five years				
Other creditors	**0.1**		0.3	-
Bank loans	**13.4**	**1.2**	18.7	5.1
Finance lease	**1.0**		1.7	-
	14.5	**1.2**	20.7	5.1
Amounts falling due after more than five years (non-instalment)				
Amount owed to parent company	**1.5**	**1.4**	1.3	1.3
Loan notes	**7.9**	**7.9**	7.9	7.9
Preference shares	**2.4**		2.4	-
	11.8	**9.3**	11.6	9.2
Total creditors falling due after more than one year	**26.3**	**10.5**	32.3	14.3

At the balance sheet date, the Group had a revolving credit facility with Lloyds Bank plc. The loan was secured by a fixed and floating charge over all assets. Post year-end this facility was replaced with a number of secured loans from Wells Fargo Capital Finance (UK) Limited, Clydesdale Bank Plc and Blazehill Capital Finance Limited all of which have a maturity date of 31 August 2025. As at 31 March 2022 the Group had £12.7m (2021: £17.8m) drawn under the revolving credit facility

Bank loans include £0.3m in respect of a €0.5m loan agreement with Banco Santander SA, entered into in November 2018, repayable over 5 years.

The Group has a £2.0m facility granted by its parent company. This loan bears interest at 10.0% p.a. and are repayable on demand. As at 31 March 2022, the amount drawn down under this facility was £1.5m (2021: £1.3m) which was repaid on 31st August 2022.

20 Creditors: amounts falling due after more than one year continued

CPL Industries Holdings Limited issued £5.3m of cumulative redeemable preference shares on 12 May 2006 for cash. The Group subsequently redeemed £2.9m of the preference shares in December 2013 resulting in the creation of a capital redemption reserve. The preference shares are redeemable at par value at the Company's discretion and carry a coupon rate of LIBOR plus 6%. The remaining dividend arrears on the preference shares at 31 March 2022 of £4.6m (2021: £4.2m) are disclosed in creditors due within one year (Note 19). The preference shares are generally non-voting and have preferential rights to return of capital on winding up. The Company can redeem the preference shares subject to certain provisions, at any time. The preference shares are automatically redeemable on the listing of the Company. The preference shareholders receive dividends in priority to the holders of any other shares in the capital of the Company.

The Company issued £8.4m of 8% interest bearing loan notes on 22 March 2013 of which £7.9m are redeemable on 22 March 2033. Following the agreement with D Wake (see below) £0.5m were redeemable between 1 May 2019 and 1 May 2020. The loans notes are in favour of VCP Jet Luxco Sarl, T W Minett and D Wake. At the year-end T W Minett held £1.4m of the loan notes. Interest accrued on the loan notes was £3.7m (2021: 2.8m) at the end of the year. No loan note interest payments were made during the year (2021: £nil).

During the year to 31 March 2019 the Company reached an agreement with D Wake for the repurchase of the loan notes held by him. The agreed total consideration was £571,500, with payment to be made in three equal tranches. The first tranche of £190,500 was paid in May 2019, the second in November 2019. A further payment of £95,250 was made in March 2021. The balance of £95,250 remains outstanding at 31 March 2022 but was repaid in April 2022.

Finance leases

The future minimum finance lease payments are as follows:

	Group	**Company**	Group	Company
	2022	**2022**	2021	2021
	£'m	**£'m**	£'m	£'m
Within one year	**0.8**	-	1.0	-
Between one and five years	**1.0**	-	1.8	-
Total gross payments	**1.8**	-	2.8	-
Less: Finance charges	-	-	(0.1)	-
Carrying amount of liability	**1.8**	-	2.7	-

21 Provisions for liabilities

Provisions for liabilities Group	Concessionary fuel in retirement £'m	Property £'m	Deferred tax £'m	Total £'m
At 1 April 2021	0.7	0.9	2.4	4.0
Amounts created during the year	-	-	0.6	0.6
Amounts utilised during the year	(0.1)	(0.1)	-	(0.2)
At 31 March 2022	**0.6**	**0.8**	**3.0**	**4.4**

Concessionary fuel in retirement

The Group has an obligation to certain former employees to provide concessionary solid fuel in retirement. This provision is based on the advice of actuaries and updated annually. The principal assumptions made concerning the amounts that may be required to settle the obligations are as follows:

* discount rates 2.6%
* inflation rate 2.0%
* *the life expectancy at the age of 65 is 19 years for men and 22 years for women*

Property

The Group has a number of leasehold properties which are vacant or partly sublet. Provision has been made for the residual lease commitments, together with other outgoings, for the period of the leases in which these commitments are estimated to accrue.

Regular assessments of the condition of the Group's leased properties are carried out and provision is made for the anticipated cost of returning the properties to their condition at the commencement of the lease. The provision will continue to be utilised as properties are vacated or require repair.

Deferred tax

The provision for deferred tax comprises pensions surplus £1.4m (2021: £0.8m) and fair value adjustments in relation to property £1.6m (2021: £1.6m).

Company

The Company has no provisions for liabilities and charges (2021: £nil).

22 Pension and similar obligations

The Group operates or contributes to a number of pension schemes in the United Kingdom. The assets of all pension schemes are held separately from those of the Group. Pension costs of defined benefit schemes are assessed in accordance with the advice of professionally qualified independent actuaries.

Defined contribution schemes

The Group contributes to a number of defined contribution pension schemes. All new employees of the Group are offered admittance to the Company's defined contribution scheme which is managed by Legal & General.

Pension costs for defined contribution schemes are as follows:

	Group	**Company**	Group	Company
	2022	**2022**	2021	2021
	£'m	**£'m**	£'m	£'m
Defined contribution schemes	**1.5**	**-**	1.3	-

Defined benefit schemes

The Group operates three defined benefit schemes, as set out below:

- Industry Wide Coal Staff Superannuation (IWCSS) Scheme ("IWCSS")
- Industry Wide Mineworkers Pension (IWMP) Scheme ("IWMP")
- CPL Industries Pension Plan ("CPL")

All the above schemes have been closed to new entrants since 1999. They are all funded schemes based on final salary and are administered by independent trustees, who are responsible for ensuring that the schemes are sufficiently funded to meet current and future obligations.

The Group has maintained ongoing deficit reduction contributions to eliminate scheme deficits. The Group paid normal ongoing contributions to the defined benefit schemes of £0.3m (2021: £0.4m) and paid additional deficit reduction contributions of £1.8m (2021: £1.4m).

The defined benefit section of the CPL Industries Pension Plan has been closed to future accruals of benefit since 30 April 2004. This does not affect pension benefits earned to that date and all members of this scheme were invited to join the defined contribution section of the CPL Industries Pension Plan. The IWCSS and IWMP Schemes are closed to new entrants.

The calculations for inclusion of amounts in the financial statements have been based on the following valuation dates updated to 31 March 2022 by professionally qualified independent actuaries:

IWCSS Scheme	31 December 2018
IWMP Scheme	31 December 2018
CPL Scheme	31 March 2020

Notes to the financial statements *continued*
for the year ended 31 March 2022

22 Pension and similar obligations continued

The major assumptions used by the actuaries were:

	2022		2021	
	CPL Scheme	**IW Schemes**	CPL Scheme	IW Schemes
Discount rate	**2.70%**	**2.75%**	2.00%	2.10%
Rate of increase in salaries	**n/a**	**3.70%**	n/a	3.25%
Rate of increases of inflation linked pensions in payment	**3.75%**	**3.70%**	3.30%	3.25%
Inflation assumption	**3.10%**	**3.30%**	2.60%	2.80%

The mortality assumptions used were as follows:

	2022 Years	2021 Years
Longevity at age 65 for current pensioners:		
- Men	**19.1 - 21.7**	19.1 - 21.6
- Women	**22.4 - 23.3**	22.3 - 23.2
Longevity at age 65 for future pensioners:		
- Men	**20.1 - 21.6**	20.1 - 21.6
- Women	**23.6 – 24.5**	23.6 - 24.5

Notes to the financial statements continued
for the year ended 31 March 2022

22 Pension and similar obligations continued

Reconciliation of scheme assets and liabilities – Schemes in surplus at 31 March 2022

Both the IWCSS and the IWMP Schemes reported a net surplus at the year-end. The overall net surplus of £7.3m (2021: £3.9m), which is detailed below, is shown separately in the balance sheet.

	IWCSS			IWMPS			TOTAL SCHEMES IN SURPLUS		
	Assets	Obligations	Surplus	Assets	Obligations	Surplus	Assets	Obligations	Surplus
	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 April 2020	35.2	(32.7)	2.5	17.0	(13.4)	3.6	52.2	(46.1)	6.1
Benefits paid	(1 0)	1 0	-	(0 4)	0 4	-	(1 4)	1 4	-
Employer contributions	0 5	-	**0.5**	0 2	-	**0.2**	0 7		**0.7**
Current service cost	-	(0 1)	**(0.1)**		(0 1)	**(0.1)**	-	(0 2)	**(0.2)**
Interest income / (expense)	0 8	(0 8)	-	0 4	(0 4)	-	1 2	(1 2)	-
Remeasurement gains / (losses)			-						
Actuarial gains / (losses)	-	(4 3)	**(4.3)**	-	(1.8)	**(1.8)**	-	(6 1)	**(6.1)**
Return on plan assets			-						
excluding interest income	2 4	-	**2.4**	1 0	-	**1.0**	3 4	-	**3.4**
31 March 2021	**37.9**	**(36.9)**	**1.0**	**18.2**	**(15.3)**	**2.9**	**56.1**	**(52.2)**	**3.9**
1 April 2021	37.9	(36.9)	1.0	18.2	(15.3)	2.9	56.1	(52.2)	3.9
Benefits paid	(1 1)	1 1	-	(0 5)	0.5	-	(1 6)	1 6	-
Employer contributions	0 6	-	**0.6**	0 2	-	**0.2**	0 8		**0.8**
Current service cost	-	(0 2)	**(0.2)**	-	(0.1)	**(0.1)**	-	(0 3)	**(0.3)**
Interest income / (expense)	0 8	(0 8)	-	0 4	(0 4)	-	1 2	(1 2)	-
Remeasurement gains / (losses):			-						
Actuarial gains / (losses)	-	-	-	-	0 9	**0.9**	-	0.9	**0.9**
Return on plan assets			-						
excluding interest income	1 4	-	**1.4**	0 6		**0.6**	2 0	-	**2.0**
31 March 2022	**39.6**	**(36.8)**	**2.8**	**18.9**	**(14.4)**	**4.5**	**58.5**	**(51.2)**	**7.3**

Notes to the financial statements continued
for the year ended 31 March 2022

22 Pension and similar obligations continued

Reconciliation of scheme assets and liabilities – Schemes in deficit at 31 March 2022

The CPL Plan reported a net deficit at the year-end. The overall net deficit of £10.6m (2021: 12.2m) which is detailed below, is shown separately in the balance sheet.

	CPL Scheme		
	Assets	**Obligations**	**Deficit**
	£m	**£m**	**£m**
1 April 2020	106.3	(128.3)	**(22.0)**
Benefits paid	(6.5)	6.5	-
Employer contributions	1.2	-	**1.2**
Interest income / (expense)	2.4	(2.9)	**(0.5)**
Past service cost	-	(0.2)	**(0.2)**
Remeasurement gains / (losses):			-
Actuarial loss	-	(7.3)	**(7.3)**
Return on plan assets			-
excluding interest income	16.6	-	**16.6**
31 March 2021	**120.0**	**(132.2)**	**(12.2)**
1 April 2021	120.0	(132.2)	**(12.2)**
Benefits paid	(7.0)	7.0	-
Employer contributions	1.4	-	**1.4**
Interest income / (expense)	2.4	(2.6)	**(0.2)**
Past service cost	-	-	-
Remeasurement gains / (losses):			-
Actuarial loss	-	2.5	**2.5**
Return on plan assets			-
excluding interest income	(2.1)	-	**(2.1)**
31 March 2022	**114.7**	**(125.3)**	**(10.6)**

Notes to the financial statements continued

for the year ended 31 March 2022

22 Pension and similar obligations continued

Total cost recognised as an expense:

Analysis of amounts charged to operating profit	2022 £'m	2021 £'m
Current service cost		
IWCSS Scheme	0.2	0.2
IWMPS Scheme	0.1	0.1
	0.3	0.3

Analysis of amounts credited/(debited) to other finance	2022 £'m	2021 £'m
Expected return on scheme assets		
CPL Scheme	**2.1**	2.4
IWCSS Scheme	**1.4**	0.8
IWMPS Scheme	**0.6**	0.4
	4.1	3.6
Interest on scheme liabilities		
CPL Scheme	**(2.6)**	(2.9)
IWCSS Scheme	**(0.8)**	(0.8)
IWMPS Scheme	**(0.3)**	(0.4)
	(3.7)	(3.6)
	0.4	-

Amounts recognised in other comprehensive income / (expense)	2022 £'m	2021 £'m
Actuarial gain / (loss)		
CPL Scheme	**2.5**	(7.3)
IWCSS Scheme	**(0.1)**	(3.3)
IWMPS Scheme	**0.8**	(1.8)
	3.2	(12.4)
Return on plan assets (excluding interest income)		
CPL Scheme	**(2.1)**	16.6
IWCSS Scheme	**1.4**	2.4
IWMPS Scheme	**0.6**	1.0
	(0.1)	20.0
	3.1	7.6

Notes to the financial statements continued
for the year ended 31 March 2022

22 Pension and similar obligations continued

The assets of the schemes are invested in investment funds managed by a number of independent fund managers. The assets in the schemes and the percentage of total assets were:

	Market value		Market value	
CPL Scheme	**2022**		2021	
	£'m	**%**	£'m	%
Equities	**38.8**	**33.8%**	36.8	30.7%
Bonds	**70.6**	**61.6%**	74.1	61.7%
Real assets	**4.3**	**3.7%**	4.3	3.6%
Cash and cash equivalents	**1.0**	**0.9%**	4.8	4.0%
Total	**114.7**		120.0	

	Market value		Market value	
IWCSS Scheme	**2022**		2021	
	£'m	**%**	£'m	%
Equities	**17.8**	**44.9%**	8.7	23.0%
Bonds	**15.2**	**38.4%**	23.1	60.9%
Property *	**2.4**	**6.1%**	2.0	5.3%
Liability Driven Investments	**2.8**	**7.1%**	3.6	9.5%
Cash and cash equivalents	**1.4**	**3.5%**	0.5	1.3%
Total	**39.6**		37.9	

	Market value		Market value	
IWMPS Scheme	**2022**		2021	
	£'m	**%**	£'m	%
Equities	**8.2**	**43.4%**	4.1	22.5%
Bonds	**6.8**	**36.0%**	10.6	58.3%
Property *	**1.4**	**7.4%**	1.2	6.6%
Liability Driven Investments	**1.7**	**9.0%**	2.1	11.5%
Cash and cash equivalents	**0.8**	**4.2%**	0.2	1.1%
Total	**18.9**		18.2	

22 Pension and similar obligations continued

The return on plan assets was:

	2022 £'m	2021 £'m
Interest income		
CPL Scheme	**2.4**	2.4
IWCSS Scheme	**0.8**	0.8
IWMPS Scheme	**0.4**	0.4
	3.6	3.6
Return on plan assets less interest income		
CPL Scheme	**(2.1)**	16.6
IWCSS Scheme	**1.4**	2.4
IWMPS Scheme	**0.6**	1.0
	(0.1)	20.0
Total return on plan assets		
CPL Scheme	**0.3**	19.0
IWCSS Scheme	**2.2**	3.2
IWMPS Scheme	**1.0**	1.4
Total return on plan assets	**3.5**	23.6

Company

The Company had no defined benefit obligations at 31 March 2022 (2021: £nil).

23 Called up share capital

	2022 £	2021 £
Authorised		
9,241 ordinary shares of £1 each	**9,241**	9,241
8,196 A ordinary shares of £1 each	**8,196**	8,196
894 B ordinary shares of £1 each	**894**	894
	18,331	18,331
Allotted and fully paid		
9,241 ordinary shares of £1 each	**9,241**	9,241
8,196 A ordinary shares of £1 each	**8,196**	8,196
894 B ordinary shares of £1 each	**894**	894
	18,331	18,331

24 Reserves

	Group 2022 £'m	Company 2022 £'m	Group 2021 £'m	Company 2021 £'m
Capital redemption reserve	**2.9**	-	2.9	-
	2.9	-	2.9	-
Profit and loss reserve				
As at 1 April	**8.9**	**(1.0)**	0.7	0.5
Profit / (loss) for the year attributable to the owners	**0.6**	**(2.5)**	3.2	(1.5)
Other comprehensive expense for the year	**3.0**	-	5.0	-
As at 31 March	**12.5**	**(3.5)**	8.9	(1.0)

CPL Industries Holdings Limited issued £5.3m of cumulative redeemable preference shares on 12 May 2006 for cash. The Group subsequently redeemed £2.9m of the preference shares in December 2013 resulting in the creation of the capital redemption reserve.

25 Financial instruments

Group	**2022 £'m**	2021 £'m
Financial assets at fair value through the profit and loss account		
Derivative financial instruments	-	0.1
	-	0.1
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	**32.1**	25.1
Other debtors	**2.6**	3.1
Directors' loans	**1.7**	1.7
	36.4	29.9
Financial liabilities measured at fair value through the profit and loss account		
Derivative financial instruments	-	0.1
	-	0.1
Financial liabilities measured at amortised cost		
Trade creditors	**19.2**	14.0
Other creditors	**1.4**	1.3
Accruals	**12.9**	10.0
Amounts owed to parent company	**1.5**	1.3
Bank loans	**35.7**	29.4
Preference shares	**7.0**	6.6
Loan notes	**7.2**	8.1
Finance lease	**1.8**	2.7
	86.7	73.4

No impairment loss was recognised during the year in respect of trade receivables (2021: £nil).

25 Financial instruments continued

Derivative financial instruments – Forward contracts

The Group enters into forward foreign currency contracts to hedge the exchange risk for certain foreign currency sales and purchases. At 31 March 2021 the outstanding contracts all matured within 12 months (2021: 12 months). The Group is committed to buy US$0.4m (2021: US$17.0m) and buy €8.4m (2021:€1.1m).

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP:USD, GBP:EUR and GBP:AUD. The net fair value of the forward foreign currency contracts is less than £0.1m unfavourable (2021: £0.2m favourable).

Derivative financial instruments – Interest rate swap

The Group has entered into an interest rate swap to receive interest at EURIBOR and pay fixed interest at -0.01%, based on €5.1m, as a hedge of the Group's finance lease facility with Lloyds Bank plc. This swap matures in 2024 on the same date as the finance lease facility. Cash flows on both the finance lease facility and the interest rate swap are paid monthly until 2024. The instrument has been constructed to have the same amortisation profile as the finance lease and hence match the interest rate exposure of CPL Fuels Ireland Limited.

The fair value of the interest rate swaps was less than £0.1m adverse at the year-end (2021: less than £0.1m adverse). No hedging gain or loss was recognised in other comprehensive income for changes in the fair value of the interest rate swaps (2021: £nil).

Company	**2022 £'m**	2021 £'m
Financial assets that are debt instruments measured at amortised cost		
Group relief receivable	-	0.6
	-	0.6
Financial liabilities measured at amortised cost		
Accruals	**3.8**	2.8
Amounts owed to ultimate parent company	**1.4**	1.3
Amounts owed to group companies	**17.7**	13.4
Group relief payable	**0.4**	-
Bank loans	**1.2**	5.1
Loan notes	**7.9**	7.9
	32.4	30.5

26 Net cash from operating activities

	2022 £'m	2021 £'m
Profit / (loss) for the financial year	**(0.3)**	3.5
Adjustments for:		
Tax on profit / (loss)	**1.1**	0.4
Net interest expense	**3.7**	3.5
Operating profit	**4.5**	7.4
Depreciation of tangible fixed assets	**4.9**	5.0
Loss on disposal of tangible fixed assets	**-**	(0.2)
Amortisation of intangible fixed assets	**1.1**	1.1
(Increase) / decrease in inventories	**(8.7)**	3.5
Increase in operating debtors and prepayments	**(6.6)**	(7.8)
Increase in operating creditors and accruals	**7.4**	3.1
Cash flow from operating activities	**2.6**	12.1

Analysis of changes in net debt

	As at 1 April 2021 £'m	Cash flow £'m	Exchange Movements £'m	As at 31 March 2022 £'m
Cash and cash equivalents	4.1	(0.6)	0.1	3.6
Bank loans	(29.4)	(6.4)	0.1	(35.7)
Finance leases	(2.7)	0.7	0.2	(1.8)
Net debt	**(28.0)**	**(6.3)**	**0.4**	**(33.9)**

27 Financial commitments

At 31 March 2022 the Group had the following future minimum lease payments under non-cancellable operating leases:

Operating leases which expire:	2022 Land and buildings	Other	2021 Land and buildings	Other
	£'m	**£'m**	£'m	£'m
Within one year	**2.1**	**1.5**	1.8	1.3
Later than one year and not later than five years	**6.8**	**2.3**	5.2	2.1
Later than 5 years	**8.3**	-	11.4	-
	17.2	**3.8**	18.4	3.4

28 Ultimate controlling party

For the year ended 31 March 2022 CPL Industries Group Limited is the largest and smallest group in which the Company's financial statements are consolidated.

As at 31 March 2022 the Directors consider that JCM Holdings Limited is the ultimate parent company and that JPV Mash is the ultimate controlling party. JCM Holdings Limited operates in the United Kingdom at 35 John Street, London, WC1N 2AT.

29 Related Party Transactions

During the year the Group and Company accrued £852,646 (2021: £789,487) of interest on the loan notes held by VCP Jet Luxco Sarl, a subsidiary of the ultimate parent company, and T Minett (Note 20). In addition £404,803 (2021: £395,380) of interest was accrued on the preference shares held by VCP Jet Luxco Sarl (Note 20). The balances outstanding at the year-end were; in respect of the loan note interest £3,676,717 (2021: £2,824,071); in respect of the preference shares interest £4,612,704 (2021: £4,207,902).

Vision Capital LLP is disclosed as a related party because two of its partners are also directors of CPL Industries Group Limited. The Group was charged £250,000 (2021: 215,000) of management fees to Vision Capital LLP for the year to 31 March 2021 and the balance outstanding at the year-end was £500,000 (2021: £250,000).

During the year to 31 March 2019 the Company reached an agreement with D Wake for the repurchase of the loan notes held by him. The agreed total consideration was £571,500, with payment to be made in three equal tranches. The first tranche of £190,500 was paid in May 2019, the second in November 2019. A further payment of £95,250 was made in March 2021. The balance of £95,250 remains outstanding.

During the year the Group charged interest on loans made to T W Minett. The interest charged was £35,795 (2021: £39,375). Further details on the loans made to directors are disclosed in Note 17.

During the year the Group provided certain services to Puragen Group Limited and its subsidiary companies. The value of the services and related costs charged during the period was £752,802 (2021: £529,753) and the balance outstanding at the year-end was £1,922,759 (2021: £1,401,571). Puragen Group Limited is a related party by reason of common ownership with the CPL Group (see Note 4).

Notes to the financial statements continued
for the year ended 31 March 2022

29 Related Party Transactions continued

Transactions with key management personnel
Key management consists of the directors, therefore all transactions with key management personnel are disclosed above and in Note 6.

Company
Other than the transactions disclosed above and in Note 6, the Company's other related party transactions were with wholly owned subsidiaries and have not been disclosed.

30 Currency retranslation differences

Currency retranslation differences of less than £0.1m (2021: less than £0.1m) arose on the translation into pounds sterling of the opening net assets of group undertakings whose reporting currency is not pound sterling at differing spot rates as at 31 March 2022 and 31 March 2021. These differences are disclosed in the consolidated statement of comprehensive income.

31 Financial commitments, guarantees and contingent liabilities

The Company has granted fixed and floating charges over all its assets in favour of Lloyds Bank plc as security for the banking facilities provided to the Group.

The Company has granted fixed and floating charges over all its assets in favour of VCP Jet Luxco SARL as security for the loan facility provided to the Group.

32 Post-balance sheet events

The Group's existing facilities with Lloyds Bank plc were due to expire on 31 March 2023. On 31 August 2022 agreement was reached to enter into new facilities from a combination of Wells Fargo Capital Finance (UK) Limited, Clydesdale Bank Plc and Blazehill Capital Finance Limited including an Asset Based Lending Facility and a number of secured loans. The facilities are due to be repaid on 31 August 2025.

CPL

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