

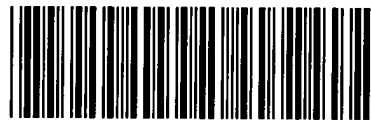
HS Butyl Limited

Company Registration Number 07841815

Annual Report and Financial Statements

Year ended 31 March 2020

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Company Information	1
Strategic Report	2 to 3
Directors' Report	4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 to 7
Profit and Loss Account	8
Balance Sheet	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 to 24

Directors	C P Hodgson R M Hodgson S D Pounder M P Clubley
Company secretary	R M Hodgson
Registered office	Gordleton Industrial Park Hannah Way Pennington Lymington Hampshire SO41 8JD
Company number	07841815
Statutory auditor	Brown Butler Chartered Accountants Leigh House 28-32 St Paul's Street Leeds West Yorkshire LS1 2JT
Bankers	Lloyds Bank PLC City Office PO BOX 72 Bailey Drive Gillingham Business Park Kent ME8 0LS

The directors present their strategic report for the year ended 31 March 2020.

Principal activity

The principal activity of the company is the manufacture and supply of butyl tapes.

Fair review of the business

Underlying sales have decreased by 4% compared with the previous year and gross profit margins have decreased slightly reflecting the increased costs of employment in a tight labour market. Overhead costs also increased marginally due to the higher cost of utilities together with investment in infrastructure to improve the business going forward. There was a one-off restructuring cost in November 2019 which contributed to the reduction in operating profit. Pre-tax profit for the financial year was £178,986.

The balance sheet remains strong with shareholders' funds standing at £4,144,269 which is a 7% decrease on the previous year.

Near the end of the financial year the country was engulfed in the COVID-19 crisis. We judge this to have had a limited impact on the results for this financial year. Along with most other businesses, Q1 2020/21 has been challenging, and the company has been grateful to the government for the range of measures it has taken to support business, in particular the Job Retention Scheme. Sales levels are currently at about 75% of pre-COVID levels, and the company has taken measures to reduce overhead costs in response to this. The directors are confident that the business remains on a sure footing and is well placed to take advantage of the opportunities ahead. Clearly providing a safe 'COVID secure' work environment for our employees is of paramount importance, and the directors have taken all the necessary steps to ensure this is the case.

The directors are satisfied with the overall trading performance given the adverse circumstances and are confident that actions taken both during the period and subsequently will lead to an improved result in 2021-22.

Principal risks and uncertainties

Whilst the medium term effects of COVID-19 are still uncertain, the company is planning for sales to remain at 75% of pre-COVID levels and has adjusted its overhead cost base accordingly. The potential risk is that business levels decline further in the face of a possible long lasting recession.

However all indications are that public spending will be prioritised for construction, infrastructure and green energy projects and the company is in a strong position to take advantage of this.

The directors remain vigilant to the risks and possible repercussions from Brexit. The business has in place robust plans which are reviewed on an ongoing basis. It is noted that, whilst a significant proportion of sales are into the EU, there is a good spread of territories, markets and customers for our products.

HS Butyl is committed to identifying and effectively managing its risks and embedding the process of risk management into the business management system. The impact and probability of each risk area is considered as well as the mitigating actions required to minimise risk.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counter party is subject to a limit, which is reassessed periodically.

Liquidity risk

The company actively maintains its short-term debt finance that is designed to ensure the company has sufficient funds for operations and planned expansions.

Key performance indicators

The company uses a number of measures, both financial and non-financial to monitor the performance of the company:

Operating profit - measuring the profits generated by the company's operations

Net cash flow from operating activities - measuring the performance in translating operating profit into cash flow through management of working capital.

Sales and margin analysis

Order book and project pipeline

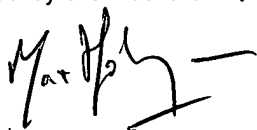
Labour utilisation

On time delivery and customer lead time

Future outlook

Despite the continued relatively unstable political and economic situation of the last year, the company continues to benefit from a healthy forward order book, favourable exchange rates and positive sentiment in many of our markets. The company continues to invest in plant, buildings and IT infrastructure to increase capacity and improve efficiencies. The directors are confident that these investments will lead to further increases in sales and profitability in the longer term.

Approved by the Board on ^{11th} Nov 2020 and signed on its behalf by:



R M Hodgson
Director

The directors present their annual report and the audited financial statements for the year ended 31 March 2020.

Directors of the company

The directors who held office during the year were as follows:

C P Hodgson

R M Hodgson

J C Hodgson (resigned 27 August 2019)

K E Hodgson (resigned 27 August 2019)

M J Watts (resigned 7 October 2019)

S D Pounder

M P Clubley

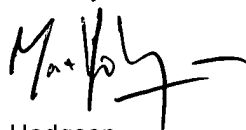
Dividends

The directors do not propose the payment of a final dividend in respect of the financial year ended 31 March 2020.

Disclosure of information to the auditors

So far as the directors are aware, there is no information relevant to the audit of which the company's auditors are unaware. The directors have taken the necessary steps to ensure that they themselves are aware of all relevant audit information and made sure that the company's auditors are also aware of that information.

Approved by the Board on 11th Nov 2020 and signed on its behalf by:



R M Hodgson
Director

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Opinion

We have audited the financial statements of HS Butyl Limited (the "company") for the year ended 31 March 2020, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

Continued on next page

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Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at 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.



James R White (Senior Statutory Auditor)
For and on behalf of Brown Butler,
Chartered Accountants and Statutory Auditor
Leigh House
28-32 St Paul's Street
Leeds
West Yorkshire
LS1 2JT

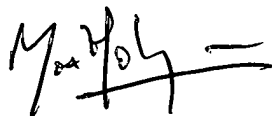
Date: 13th November 2020

	Note	2020 £	2019 £
Turnover	3	16,481,526	17,123,272
Cost of sales		<u>(11,121,725)</u>	<u>(11,302,012)</u>
Gross profit		5,359,801	5,821,260
Distribution costs		(1,964,457)	(2,083,943)
Administrative expenses		(3,173,364)	(2,914,415)
Other operating income	4	<u>2,498</u>	<u>-</u>
Operating profit	5	224,478	822,902
Income from shares in group undertakings		11,965	28,008
Interest receivable and similar income	7	547	-
Interest payable and similar expenses	8	<u>(58,004)</u>	<u>(62,744)</u>
Profit on ordinary activities before taxation		178,986	788,166
Tax on profit	11	<u>(20,789)</u>	<u>(133,336)</u>
Profit for the financial year		<u><u>158,197</u></u>	<u><u>654,830</u></u>

The above results were derived from continuing operations.

	Note	2020 £	2019 £
Fixed assets			
Intangible fixed assets	12	7,262	46,514
Tangible fixed assets	13	3,050,076	3,167,419
Investments	14	<u>156,989</u>	<u>156,989</u>
		3,214,327	3,370,922
Current assets			
Stocks	15	2,077,565	2,078,717
Debtors	16	4,203,683	4,760,876
Cash at bank and in hand		<u>312,717</u>	<u>422,155</u>
		6,593,965	7,261,748
Creditors: Amounts falling due within one year	17	<u>(5,089,571)</u>	<u>(5,462,662)</u>
Net current assets		<u>1,504,394</u>	<u>1,799,086</u>
Total assets less current liabilities		4,718,721	5,170,008
Creditors: Amounts falling due after more than one year	17	(246,867)	(434,627)
Provisions for liabilities	19	<u>(327,585)</u>	<u>(299,309)</u>
Net assets		<u><u>4,144,269</u></u>	<u><u>4,436,072</u></u>
Capital and reserves			
Called up share capital	20	75,000	75,000
Share premium reserve	21	3,428,928	3,428,928
Capital redemption reserve	21	3,948	3,948
Profit and loss account	21	<u>636,393</u>	<u>928,196</u>
		<u><u>4,144,269</u></u>	<u><u>4,436,072</u></u>

These financial statements were approved and authorised for issue by the Board on ^{11th Nov 2020} and signed on its behalf by:



R M Hodgson
Director

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2019	75,000	3,428,928	3,948	928,196	4,436,072
Profit for the year	-	-	-	158,197	158,197
Dividends	-	-	-	(450,000)	(450,000)
At 31 March 2020	<u>75,000</u>	<u>3,428,928</u>	<u>3,948</u>	<u>636,393</u>	<u>4,144,269</u>

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 April 2018	75,000	3,428,928	3,948	473,366	3,981,242
Profit for the year	-	-	-	654,830	654,830
Dividends	-	-	-	(200,000)	(200,000)
At 31 March 2019	<u>75,000</u>	<u>3,428,928</u>	<u>3,948</u>	<u>928,196</u>	<u>4,436,072</u>

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the year		158,197	654,830
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	495,178	476,527
Profit on disposal of property plant and equipment		(2,998)	-
Interest received	7	(547)	-
Dividends received		(11,965)	(28,008)
Interest paid	8	58,004	62,744
Taxation	11	20,789	133,336
		<u>716,658</u>	<u>1,299,429</u>
Working capital adjustments			
Decrease/(increase) in stocks	15	1,152	(294,228)
Decrease/(increase) in trade and other debtors	16	557,193	(522,030)
(Decrease)/increase in trade and other creditors	17	<u>(482,767)</u>	<u>514,200</u>
Cash generated from operations		792,236	997,371
Taxation paid		<u>(58,716)</u>	<u>(256,562)</u>
Net cash flow from operating activities		733,520	740,809
Cash flows from investing activities			
Interest received	7	547	-
Acquisitions of tangible fixed assets	13	(352,585)	(350,212)
Proceeds from sale of tangible fixed assets	13	17,000	-
Dividend income	7	<u>11,965</u>	<u>28,008</u>
Net cash flows from investing activities		(323,073)	(322,204)
Cash flows from financing activities			
Interest paid	8	(58,004)	(62,744)
Proceeds from other borrowing draw downs		2,175,282	1,997,726
Repayment of other borrowing		(1,997,726)	(2,005,818)
Receipts from finance lease creditors		-	39,352
Payments to finance lease creditors		(189,437)	(187,326)
Dividends paid		<u>(450,000)</u>	<u>(200,000)</u>
Net cash flows from financing activities		<u>(519,885)</u>	<u>(418,810)</u>
Net decrease in cash and cash equivalents		(109,438)	(205)
Cash and cash equivalents at 1 April 2019		<u>422,155</u>	<u>422,360</u>
Cash and cash equivalents at 31 March 2020		<u><u>312,717</u></u>	<u><u>422,155</u></u>

1 General information

HS Butyl Limited is a private company limited by shares and incorporated in England and Wales under company number 07841815.

The address of its registered office and principal place of business is:

Gordleton Industrial Park
Hannah Way
Pennington
Lymington
Hampshire
SO41 8JD

2 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 (2018) "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The presentation currency is £ sterling.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The directors are of the opinion that there are no areas of estimation uncertainty and critical judgements that affect materially the accounting policies and the reported amounts of assets, liabilities, income and expenses in the current and prior year.

The company experienced disrupted operating activities during the national lockdown between March and May 2020. However, following the lifting of the lockdown restrictions the company has largely returned to normal operational levels and based on the restrictions imposed at the present time the directors expect this to continue.

Despite the uncertainty caused by the COVID-19 pandemic the company has remained profitable and cash generative since the year end. Looking towards the future the directors have judged that the company's operations and trading will continue to be resilient, but in these uncertain times this cannot be guaranteed.

Turnover

Turnover is measured at fair value of the consideration received or receivable, net of discounts and value added tax. Turnover includes revenue earned from the sale of goods.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually when the goods have been delivered to customers such that the risks and rewards of ownership have been transferred to them.

Government grants

Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Pension contributions

The company has a defined contribution pension scheme. The pension costs charged to the profit and loss account are the contributions payable in respect of the accounting period.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the year using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Goodwill

Goodwill is measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is charged so as to allocate the cost of intangible assets less their residual values over their estimated useful lives. The annual rates and method of depreciation are as follows:-

Asset class	Amortisation method and rate
Goodwill	10 years straight line

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives. The annual rates and methods of depreciation are as follows:-

Asset class	Depreciation method and rate
Plant and machinery	4 - 20 years straight line basis
Fixtures, fittings and equipment	3 - 10 years straight line basis
Motor vehicles	25% reducing balance
Leasehold improvements	10 years straight line basis

Impairment of fixed assets

At the balance sheet date, if there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared to its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised in the profit and loss account. The reversal of an impairment loss is recognised immediately in the profit and loss account.

Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

Investments

The investment in the joint venture is accounted for at cost less impairment.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and an appropriate proportion of overhead expenses. Provision is made for damaged, obsolete and slow moving stock where appropriate.

Debtors

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

Creditors

Short term creditors are measured at transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Foreign currency

Transactions in foreign currency are translated at the spot rate at the date of the transactions. Assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the balance sheet date. All exchange differences are taken to the profit and loss account.

Borrowings

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leases

Fixed assets acquired under finance leases are included in the balance sheet at cost and an appropriate provision made for depreciation. The outstanding liabilities under such agreements less interest not yet due are included in creditors. Interest attributable to each period is charged to the profit and loss account.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Share based payments

The company provides share-based payment arrangements to certain employees. The arrangements are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Financial instruments

Derivatives are recognised at fair value with changes in fair value taken to profit and loss account.

Equity instruments

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

3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2020 £	2019 £
Sale of goods	<u>16,481,526</u>	<u>17,123,272</u>

The analysis of the company's turnover for the year by market is as follows:

	2020 £	2019 £
UK	6,370,503	6,428,830
Europe	7,933,661	8,390,417
Rest of world	<u>2,177,362</u>	<u>2,304,025</u>
	<u>16,481,526</u>	<u>17,123,272</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2020 £
Grants received	<u>2,498</u>

5 Operating profit

Operating profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	455,926	437,275
Amortisation of intangible fixed assets	39,252	39,252
Research and development costs	23,688	52,695
Foreign exchange losses	57,233	25,227
Operating lease charges	401,659	407,595
Profit on disposal of property, plant and equipment	<u>(2,998)</u>	<u>-</u>

6 Auditors' remuneration

	2020 £	2019 £
Audit of the financial statements	<u>14,528</u>	<u>14,808</u>
Other fees payable to auditor:		
All other non-audit services	<u>2,200</u>	<u>2,100</u>

7 Interest receivable and similar income

	2020 £
Other interest receivable	<u>547</u>

8 Interest payable and similar charges

	2020 £	2019 £
Bank interest	203	234
Interest on obligations under finance leases	13,215	22,235
Other interest	<u>44,586</u>	<u>40,275</u>
	<u>58,004</u>	<u>62,744</u>

9 Staff costs

Employee costs, including directors, during the year:

	2020 £	2019 £
Wages and salaries	4,670,638	4,555,194
Social security costs	392,345	384,908
Other pension costs	84,071	82,157
	<u>5,147,054</u>	<u>5,022,259</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2020 No.	2019 No.
Production	99	103
Administration	43	46
	<u>142</u>	<u>149</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020 £	2019 £
Salaries	298,413	287,924
Benefits in kind	29,711	27,932
Aggregate remuneration	328,124	315,856
Pension contributions	14,554	14,002
	<u>342,678</u>	<u>329,858</u>

	2020 No.	2019 No.
The number of directors accruing benefits under a defined benefit pension scheme during the year was:	<u>2</u>	<u>3</u>

Remuneration in respect of the highest paid director:

	2020 £	2019 £
Aggregate remuneration	<u>131,695</u>	<u>121,375</u>

11 Tax on profit on ordinary activities

	2020 £	2019 £
Current taxation		
UK corporation tax	-	131,203
UK corporation tax adjustment to prior periods	<u>(7,487)</u>	<u>-</u>
	(7,487)	131,203
Deferred taxation		
Origination and reversal of timing differences	<u>28,276</u>	<u>2,133</u>
Tax on profit	<u>20,789</u>	<u>133,336</u>

The tax charge for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	<u>178,986</u>	<u>788,166</u>
Corporation tax at standard rate	34,007	149,752
Effect of revenues exempt from taxation	(2,273)	(5,322)
Expenses not deductible for tax purposes	(940)	257
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	(7,487)	-
Origination and reversal of timing differences	(5,976)	1,665
Tax increase (decrease) arising from group relief	9,309	-
Tax decrease from effect of adjustment in research and development tax credit	<u>(5,851)</u>	<u>(13,016)</u>
Total tax charge	<u>20,789</u>	<u>133,336</u>

The amount of the net reversal of deferred tax liabilities expected to occur during the year beginning after the reporting period is £32,814 (2019: £27,167). This relates to the reversal of existing timing differences on tangible fixed assets present at the balance sheet date.

12 Intangible assets

	Goodwill £	Total £
Cost		
At 1 April 2019	<u>1,584,698</u>	<u>1,584,698</u>
At 31 March 2020	<u>1,584,698</u>	<u>1,584,698</u>
Amortisation		
At 1 April 2019	1,538,184	1,538,184
Charge for the year	<u>39,252</u>	<u>39,252</u>
At 31 March 2020	<u>1,577,436</u>	<u>1,577,436</u>
Net book value		
At 31 March 2020	<u>7,262</u>	<u>7,262</u>
At 31 March 2019	<u>46,514</u>	<u>46,514</u>

13 Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2019	105,206	4,770,000	327,991	33,374	5,236,571
Additions	-	311,181	41,404	-	352,585
Disposals	-	-	-	(33,374)	(33,374)
At 31 March 2020	105,206	5,081,181	369,395	-	5,555,782
Depreciation					
At 1 April 2019	12,297	1,890,772	152,246	13,837	2,069,152
Charge for the year	10,520	395,216	44,655	5,535	455,926
Eliminated on disposal	-	-	-	(19,372)	(19,372)
At 31 March 2020	22,817	2,285,988	196,901	-	2,505,706
Net book value					
At 31 March 2019	92,909	2,879,228	175,745	19,537	3,167,419
At 31 March 2020	82,389	2,795,193	172,494	-	3,050,076

Assets held under finance leases

The net carrying amount of tangible fixed assets includes the following amounts in respect of assets held under finance leases:

	2020 £	2019 £
Motor vehicles	-	19,537
Plant and machinery	758,219	827,536
	<u>758,219</u>	<u>847,073</u>

Tangible fixed assets with a net book value of £3,050,076 (2019: £3,167,419) are pledged as security for liabilities of the company.

14 Investments in joint ventures

	2020 £	2019 £
Investments in joint ventures	<u>156,989</u>	<u>156,989</u>

Aggregate financial information of joint venture

	2020 £	2019 £
Total assets	1,003,790	1,057,987
Total liabilities	<u>(455,166)</u>	<u>(512,356)</u>
Net assets	<u>548,624</u>	<u>545,631</u>
Revenues	<u>2,046,256</u>	<u>1,806,460</u>
Profit	<u>50,373</u>	<u>83,099</u>

Details of undertaking

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Joint venture	Description of holding	Proportion of holding	Principal activity
Anabond HS Butyl Private Limited	Ordinary	50%	Manufacturing, distributing and selling of Butyl products in India.

The aggregate amount of the total investment in the joint venture, by way of the equity method of valuation, is £274,312 (2019: £272,816). Further, the company's total comprehensive income for the financial year would be increased by £13,222 (2019: £13,541) and the company's total equity as shown on its balance sheet would increase by £117,323 (2019: £115,827).

15 Stocks

	2020 £	2019 £
Raw materials	1,611,647	1,473,951
Goods for resale	<u>465,918</u>	<u>604,766</u>
	<u>2,077,565</u>	<u>2,078,717</u>

The amount charged to the profit and loss account in the year in respect of write downs of stocks is £32,000 (2019: £14,800).

Stocks with a net book value of £2,077,565 (2019: £2,078,717) are pledged as security for liabilities of the company.

16 Debtors

	2020 £	2019 £
Trade debtors	3,366,317	3,764,052
Amounts owed from group undertakings	13	-
Amounts owed from participating interests	382,766	430,991
Other debtors	78,312	79,541
Prepayments	376,275	486,292
	<u>4,203,683</u>	<u>4,760,876</u>

Debtors with a value of £4,203,683 (2019: £4,760,876) are pledged as security for liabilities of the company.

17 Creditors:

Amounts falling due within one year

	2020 £	2019 £
Finance lease liabilities	186,553	188,230
Trade creditors	2,284,061	2,554,746
Social security and other taxes	99,295	103,100
Other creditors	54,507	47,774
Corporation tax	-	66,203
Other current financial liabilities	2,175,282	1,997,726
Accruals	289,873	504,883
	<u>5,089,571</u>	<u>5,462,662</u>

Amounts falling due after more than one year

Finance lease liabilities	<u>246,867</u>	<u>434,627</u>
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18 Security

Finance leases and other current financial liabilities totalling £2,608,702 (2019: £2,620,583) are secured by a fixed and floating charge over assets in which they relate.

19 Provisions

	Deferred tax £	Total £
At 1 April 2019	299,309	299,309
Increase in existing provisions	<u>28,276</u>	<u>28,276</u>
At 31 March 2020	<u><u>327,585</u></u>	<u><u>327,585</u></u>

Analysis of deferred tax is as follows:

	£ Liability
2020	
Capital allowances in excess of depreciation	<u><u>327,585</u></u>
2019	
Capital allowances in excess of depreciation	<u><u>299,309</u></u>

20 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
A Ordinary shares of £1 each	12,500	12,500	12,500	12,500
B Ordinary shares of £1 each	26,250	26,250	26,250	26,250
C Ordinary shares of £1 each	26,250	26,250	26,250	26,250
D Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
	<u><u>75,000</u></u>	<u><u>75,000</u></u>	<u><u>75,000</u></u>	<u><u>75,000</u></u>

Rights, preferences and restrictions

All shares rank pari passu in all respects except that no class of share is entitled to any dividend declared on any other class of share.

21 Capital and reserves

Called-up share capital - represents the nominal value of shares that have been issued.

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

Profit and loss account - includes all current and prior period retained profits and losses.

Capital redemption reserve - represents shares redeemed by the company.

22 Financial commitments

Total financial commitments which are not included in the balance sheet are set out below:

Capital commitments

Total capital commitments which are not included in the balance sheet amount to £30,114 (2019: £102,000).

Operating leases

The total of future minimum operating lease payments is as follows:

	2020 £	2019 £
Within one year	288,468	295,545
Between one and five years	1,113,932	1,110,557
After five years	<u>558,288</u>	<u>833,288</u>
	<u>1,960,688</u>	<u>2,239,390</u>

23 Analysis of changes in net debt

	At 1 April 2019	Cash Flows	Non-cash changes Finance leases	At 31 March 2020
	£	£	£	£
Long-term borrowings	(434,627)	-	187,760	(246,867)
Short-term borrowings	<u>(2,185,956)</u>	<u>11,881</u>	<u>(187,760)</u>	<u>(2,361,835)</u>
Total liabilities	(2,620,583)	11,881	-	(2,608,702)
Cash and cash equivalents	422,155	(109,438)	-	312,717
Total net debt	<u>(2,198,428)</u>	<u>(97,557)</u>	<u>-</u>	<u>(2,295,985)</u>

24 Share-based payments

HS Butyl Share Option Scheme

Scheme details and movements

Certain employees of the company have been granted options over the shares in the parent company, Lymington Holdings Limited. The options are granted with a fixed exercise price of 49.64p, are exercisable on sale of the business and expire on 31 December 2023. Employees are required to remain in employment within the company.

The movements in the number of share options during the year were as follows:

	2020 Number	2019 Number
Outstanding, start of period	2,610	2,610
Expired during the period	(979)	-
Outstanding, end of period	<u>1,631</u>	<u>2,610</u>

25 Contingent liabilities

During the year the company was party to a cross guarantee with Lymington Holdings Limited, the ultimate parent company, for all bank borrowings. At 31 March 2020 the amount guaranteed was £456,958 (2019: £616,487).

26 Related party transactions

Summary of transactions with other related parties

During the year the company made sales to a company under common control, amounting to £112,447 (2019: £111,024). The amount owed from this company at the year end amounted to £28,708 (2019: £nil). The company also made purchases from a company under common control amounting to £2,000 (2019: £2,544).

During the year management charges were also charged by this company amounting to £147,044 (2019: £146,004).

The amount owed to this company at the year end amounted to £32,271 (2019: £32,129).

During the year the company made sales to a joint venture, amounting to £947,760 (2019: £796,409). The amount owed from this company at the year end amounted to £382,766 (2019: £430,991). During the year the company received dividends amounting to £11,965 (2019: £28,008).

The company has taken the exemption not to disclose transactions with its parent company as it is a wholly owned subsidiary and consolidated financial statements are prepared.

Key management compensation

	2020 £	2019 £
Salaries and other short term employee benefits	<u>379,123</u>	<u>373,623</u>

27 Controlling party

The company's immediate parent is Lymington Holdings Limited, a company incorporated in England and Wales.