

RUBBERATKINS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

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RUBBERATKINS LIMITED

COMPANY INFORMATION

| | |
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| Directors | N Atkins J Webster |
| Company number | SC109744 |
| Registered office | Claymore Avenue Aberdeen Science & Energy Park Bridge Of Don Aberdeen United Kingdom AB23 8GW |
| Auditor | Azets Audit Services 37 Albyn Place Aberdeen United Kingdom AB10 1JB |

RUBBERATKINS LIMITED

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RUBBERATKINS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present the strategic report for the year ended 30 September 2021.

Principal Activities and Business Review

The principal activity of the group during the year was the manufacture and dealing in rubber and rubber to metal bonded goods.

Our strategy is to concentrate on providing excellent customer service in the markets in which we operate and focus on research and development expenditure to improve existing products and develop others. We continue to seek opportunities to grow the business and believe that we are well placed to deliver consistent long-term growth for the group.

The group's performance has improved in the year to 30 September 2021, with profits after taxation increasing to £1,309,415 (2020: £541,262).

Principal Risks and Uncertainties

Competition

The group has a number of large customers with which it maintains very good working relationships. There are regular project management meetings which ensure all matters are addressed timeously and customer satisfaction is maintained.

Employees

The future success of the group depends on the skills and efforts of our employees and the ability to retain and develop these individuals. The group emphasises accountability and responsibility at the local level and encourages an entrepreneurial approach to running operations. The group constantly reviews its remuneration packages to make sure they remain competitive and also maintains development and succession planning programmes.

Suppliers

The group has a widespread supplier database due to its operations in multiple areas throughout the United Kingdom and overseas.

Regulation

Certain aspects of the group's activities mean that some employees can be exposed to hazardous environments. The group is committed to maintaining a safe working environment and a culture of zero tolerance to accidents. The group has in place quality and safety processes which are regularly audited by professional bodies and customers.

Apart from the above the directors are not aware of any major risks or uncertainties facing the group with the Statement of Financial Position continuing to be strong.

Financial Instruments

The directors consider there to be an appropriate structure in place to plan for and mitigate risks. The main risks being:

Liquidity risk

The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The group is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans. The group uses interest rate derivatives to manage the mix of fixed and variable rate debt so as to reduce its exposure to changes in interest rates.

RUBBERATKINS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Financial Instruments (Continued)

Currency risk

The group's principal foreign currency exposures arise from trading with overseas companies. Group policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

The group's financial instruments comprise cash at bank, trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to manage currency risks and interest rate risks arising from the group's activities.

Key Performance Indicators

The management of the group uses a range of financial and non-financial metrics and regards the following to be key performance indicators that are used in order to monitor the group's progress: revenue growth, operating profit and margin, cash flow and net assets as detailed in the attached accounts.

These are monitored closely using monthly management accounts and regular cash and bank review meetings with planned cash flows being used to ensure adequate funds are available.

| | 2021 | 2020 |
|--------------------|-------------------|-------------------|
| | £ | £ |
| Turnover | 10,306,759 | 10,860,184 |
| Operating profit | 1,170,076 | 549,079 |
| Operating profit % | 11% | 5% |
| Net assets | 10,702,694 | 9,808,042 |
| Cash position | 2,946,477 | 3,729,313 |

On behalf of the board



N Atkins
Director

7 June 2022

RUBBERATKINS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their annual report and financial statements for the year ended 30 September 2021.

Results and dividends

The results are set out in the strategic report.

Ordinary dividends were paid amounting to £360,000 (2020 - £420,000). The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

N Atkins
J Webster

Financial instruments

The group operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the group's activities.

The group's principal financial instruments include derivative financial instruments, the purpose of which is to manage currency risks and interest rate risks arising from the group's activities, and bank overdrafts, loans and corporate bonds, the main purpose of which is to raise finance for the group's operations. In addition, the group has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations. Derivative transactions which the group enters into principally comprise forward exchange contracts. In accordance with group's treasury policy, derivative instruments are not entered into for speculative purposes.

Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Disclosure of information in the strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of group results, activities, objectives, policies and risks.

Statement of disclosure to auditor

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

On behalf of the board



N Atkins
Director

7 June 2022

RUBBERATKINS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 responsible for keeping adequate accounting records that are sufficient to show and explain the group's 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. They 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.

RUBBERATKINS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUBBERATKINS LIMITED

Opinion

We have audited the financial statements of Rubberatkins Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows 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 the parent company's affairs as at 30 September 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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 and 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.

RUBBERATKINS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF RUBBERATKINS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

RUBBERATKINS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF RUBBERATKINS LIMITED

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.



Angus Cowie (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

Date: 9th June 2022

Chartered Accountants
Statutory Auditor

37 Albyn Place
Aberdeen
United Kingdom
AB10 1JB

RUBBERATKINS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2021

| | Notes | 2021 £ | 2020 £ |
|---|-------|------------------|------------------|
| Turnover | 3 | 10,306,759 | 10,860,184 |
| Cost of sales | | (4,413,108) | (5,036,731) |
| Gross profit | | 5,893,651 | 5,823,453 |
| Distribution costs | | (171,155) | (203,726) |
| Administrative expenses | | (4,931,425) | (5,913,006) |
| Other operating income | | 379,005 | 842,358 |
| Operating profit | 4 | 1,170,076 | 549,079 |
| Interest receivable and similar income | 8 | 12,839 | 7,453 |
| Profit before taxation | | 1,182,915 | 556,532 |
| Tax on profit | 9 | 126,500 | (15,270) |
| Profit for the financial year | | 1,309,415 | 541,262 |
| Other comprehensive income | | | |
| Currency translation differences | | (54,763) | 6,368 |
| Total comprehensive income for the year | | 1,254,652 | 547,630 |
| Profit for the financial year is attributable to: | | | |
| - Owners of the parent company | | 1,313,770 | 544,173 |
| - Non-controlling interests | | (4,355) | (2,911) |
| | | 1,309,415 | 541,262 |
| Total comprehensive income for the year is attributable to: | | | |
| - Owners of the parent company | | 1,259,007 | 550,541 |
| - Non-controlling interests | | (4,355) | (2,911) |
| | | 1,254,652 | 547,630 |

RUBBERATKINS LIMITED

GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|--|-------|--------------------|---|--------------------|---|
| Fixed assets | | | | | |
| Intangible assets | 11 | 187,058 | | 140,969 | |
| Tangible assets | 12 | 2,108,607 | | 2,159,032 | |
| | | <u>2,295,665</u> | | <u>2,300,001</u> | |
| Current assets | | | | | |
| Stocks | 16 | 1,351,912 | | 902,063 | |
| Debtors | 17 | 6,113,716 | | 4,232,723 | |
| Cash at bank and in hand | | 2,946,477 | | 3,729,313 | |
| | | <u>10,412,105</u> | | <u>8,864,099</u> | |
| Creditors: amounts falling due within one year | 18 | <u>(1,985,543)</u> | | <u>(1,326,784)</u> | |
| Net current assets | | <u>8,426,562</u> | | <u>7,537,315</u> | |
| Total assets less current liabilities | | <u>10,722,227</u> | | <u>9,837,316</u> | |
| Creditors: amounts falling due after more than one year | 19 | - | | (7,661) | |
| Provisions for liabilities | | | | | |
| Deferred tax liability | 21 | 19,533 | | 21,613 | |
| | | <u>(19,533)</u> | | <u>(21,613)</u> | |
| Net assets | | <u>10,702,694</u> | | <u>9,808,042</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 24 | 30,242 | | 30,242 | |
| Profit and loss reserves | | 10,685,477 | | 9,786,470 | |
| Equity attributable to owners of the parent company | | <u>10,715,719</u> | | <u>9,816,712</u> | |
| Non-controlling interests | | <u>(13,025)</u> | | <u>(8,670)</u> | |
| | | <u>10,702,694</u> | | <u>9,808,042</u> | |

The financial statements were approved by the board of directors and authorised for issue on 7 June 2022 and are signed on its behalf by:


N Atkins
Director

RUBBERATKINS LIMITED

COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|--|-------|-------------------------|---|-------------------------|---|
| Fixed assets | | | | | |
| Intangible assets | 11 | 187,058 | | 140,969 | |
| Tangible assets | 12 | 1,381,123 | | 1,445,997 | |
| Investments | 13 | 4,709 | | 4,709 | |
| | | <u>1,572,890</u> | | <u>1,591,675</u> | |
| Current assets | | | | | |
| Stocks | 16 | 1,337,654 | | 894,100 | |
| Debtors | 17 | 5,856,497 | | 4,555,571 | |
| Cash at bank and in hand | | 2,825,214 | | 3,585,548 | |
| | | <u>10,019,365</u> | | <u>9,035,219</u> | |
| Creditors: amounts falling due within one year | 18 | <u>(1,776,268)</u> | | <u>(1,599,794)</u> | |
| Net current assets | | <u>8,243,097</u> | | <u>7,435,425</u> | |
| Total assets less current liabilities | | <u>9,815,987</u> | | <u>9,027,100</u> | |
| Creditors: amounts falling due after more than one year | 19 | - | | (7,661) | |
| Net assets | | <u><u>9,815,987</u></u> | | <u><u>9,019,439</u></u> | |
| Capital and reserves | | | | | |
| Called up share capital | 24 | 30,242 | | 30,242 | |
| Profit and loss reserves | | 9,785,745 | | 8,989,197 | |
| Total equity | | <u><u>9,815,987</u></u> | | <u><u>9,019,439</u></u> | |

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,156,548 (2020 - £516,036 profit).

The financial statements were approved by the board of directors and authorised for issue on 7 June 2022 and are signed on its behalf by:


N Atkins
Director

Company Registration No. SC109744

RUBBERATKINS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2021

| | Notes | Share capital £ | Profit and loss reserves £ | Total controlling interest £ | Non-controlling interest £ | Total £ |
|--|-------|--------------------|-------------------------------|---------------------------------|-------------------------------|------------|
| Balance at 1 October 2019 | | 30,242 | 9,655,929 | 9,686,171 | (5,759) | 9,680,412 |
| Year ended 30 September 2020: | | | | | | |
| Profit for the year | | - | 544,173 | 544,173 | (2,911) | 541,262 |
| Other comprehensive income: | | | | | | |
| Currency translation differences | | - | 6,368 | 6,368 | - | 6,368 |
| Total comprehensive income for the year | | - | 550,541 | 550,541 | (2,911) | 547,630 |
| Dividends | 10 | - | (420,000) | (420,000) | - | (420,000) |
| Balance at 30 September 2020 | | 30,242 | 9,786,470 | 9,816,712 | (8,670) | 9,808,042 |
| Year ended 30 September 2021: | | | | | | |
| Profit for the year | | - | 1,313,770 | 1,313,770 | (4,355) | 1,309,415 |
| Other comprehensive income: | | | | | | |
| Currency translation differences | | - | (54,763) | (54,763) | - | (54,763) |
| Total comprehensive income for the year | | - | 1,259,007 | 1,259,007 | (4,355) | 1,254,652 |
| Dividends | 10 | - | (360,000) | (360,000) | - | (360,000) |
| Balance at 30 September 2021 | | 30,242 | 10,685,477 | 10,715,719 | (13,025) | 10,702,694 |

RUBBERATKINS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2021

| | Notes | Share capital £ | Profit and loss reserves £ | Total £ |
|--|-------|--------------------|----------------------------------|------------|
| Balance at 1 October 2019 | | 30,242 | 8,893,161 | 8,923,403 |
| Year ended 30 September 2020: | | | | |
| Profit and total comprehensive income for the year | | - | 516,036 | 516,036 |
| Dividends | 10 | - | (420,000) | (420,000) |
| Balance at 30 September 2020 | | 30,242 | 8,989,197 | 9,019,439 |
| Year ended 30 September 2021: | | | | |
| Profit and total comprehensive income for the year | | - | 1,156,548 | 1,156,548 |
| Dividends | 10 | - | (360,000) | (360,000) |
| Balance at 30 September 2021 | | 30,242 | 9,785,745 | 9,815,987 |

RUBBERATKINS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|---|-------|-----------|-----------|-----------|-----------|
| Cash flows from operating activities | | | | | |
| Cash (absorbed by)/generated from operations | 28 | | (522,378) | | 1,889,933 |
| Income taxes (paid)/refunded | | | (30,493) | | 547,885 |
| Net cash (outflow)/inflow from operating activities | | | (552,871) | | 2,437,818 |
| Investing activities | | | | | |
| Purchase of intangible assets | | (67,018) | | - | |
| Purchase of tangible fixed assets | | (208,323) | | (152,363) | |
| Proceeds on disposal of tangible fixed assets | | 432,496 | | - | |
| Interest received | | 12,839 | | 7,453 | |
| Net cash generated from/(used in) investing activities | | | 169,994 | | (144,910) |
| Financing activities | | | | | |
| Payment of finance leases obligations | | (10,194) | | (10,214) | |
| Dividends paid to equity shareholders | | (360,000) | | (420,000) | |
| Net cash used in financing activities | | | (370,194) | | (430,214) |
| Net (decrease)/increase in cash and cash equivalents | | | (753,071) | | 1,862,694 |
| Cash and cash equivalents at beginning of year | | | 3,729,313 | | 1,831,891 |
| Effect of foreign exchange rates | | | (29,765) | | 34,728 |
| Cash and cash equivalents at end of year | | | 2,946,477 | | 3,729,313 |

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

Company information

Rubberatkins Limited ("the company") SC109744 is a private limited company limited by shares domiciled and incorporated in Scotland. The registered office is Claymore Avenue, Aberdeen Science & Energy Park, Bridge Of Don, Aberdeen, United Kingdom, AB23 8GW.

The group consists of Rubberatkins Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

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

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

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.3 Basis of consolidation

The consolidated financial statements incorporate those of Rubberatkins Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 September 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Foreign currency exchange adjustments arising on consolidation of the overseas subsidiaries are recorded through other comprehensive income.

1.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

It is the opinion of the directors that the COVID-19 pandemic is a temporary and short-term loss of trade and that the company through a carefully planned strategy will be able to continue to operate as a going concern.

The strategy involves reforecasting budgets and implement cost efficiencies where possible.

Therefore the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.5 Turnover

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

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

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

| | |
|----------|----------------------------|
| Software | - 10% to 20% straight line |
|----------|----------------------------|

1.7 Tangible fixed assets

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

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

| | |
|------------------------|----------------------------|
| Freehold land | - Not depreciated |
| Leasehold improvements | - 10% straight line |
| Plant and equipment | - 5% to 33% straight line |
| Computers | - 20% to 33% straight line |
| Motor vehicles | - 25% straight line |

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

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.9 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

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

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

1.10 Stocks

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

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

1.11 Cash and cash equivalents

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

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.12 Financial Instruments

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

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

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

Basic financial assets

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

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.13 Equity instruments

Equity instruments issued by the group 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 group.

1.14 Taxation

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

Current tax

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

Deferred tax

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

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

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.15 Employee benefits

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

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

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

1.16 Retirement benefits

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

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

1.18 Government grants

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

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.19 Foreign exchange

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

1.20 Research and development

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.21 Government grants

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

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.22 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

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

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

3 Turnover and other revenue

| | 2021 | 2020 |
|----------------------------------|---------|---------|
| | £ | £ |
| Other significant revenue | | |
| Interest income | 12,839 | 7,453 |
| Grants received | 65,754 | 508,999 |
| Management charges receivable | 114,000 | 114,506 |
| Other operating income | 186,413 | 212,601 |

| | 2021 | 2020 |
|---|-------------------|-------------------|
| | £ | £ |
| Turnover analysed by geographical market | | |
| United Kingdom | 2,389,272 | 2,300,737 |
| Overseas | 7,917,487 | 8,559,447 |
| | <u>10,306,759</u> | <u>10,860,184</u> |

4 Operating profit

| | 2021 | 2020 |
|--|-----------|-----------|
| | £ | £ |
| Operating profit for the year is stated after charging/(crediting): | | |
| Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss | 70,911 | 66,698 |
| Research and development costs | 1,261,223 | 1,130,258 |
| Government grants | (65,754) | (508,999) |
| Depreciation of owned tangible fixed assets | 226,082 | 236,451 |
| Depreciation of tangible fixed assets held under finance leases | 7,668 | 7,668 |
| Profit on disposal of tangible fixed assets | (432,496) | - |
| Amortisation of intangible assets | 20,929 | 23,440 |
| Operating lease charges | 328,226 | 393,123 |

5 Auditor's remuneration

| | 2021 | 2020 |
|---|---------------|---------------|
| | £ | £ |
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the group and company | 13,700 | 16,350 |
| Audit of the financial statements of the company's subsidiaries | 9,400 | 6,640 |
| | <u>23,100</u> | <u>22,990</u> |
| For other services | | |
| Taxation compliance services | 5,100 | - |
| All other non-audit services | 2,550 | - |
| | <u>7,650</u> | <u>-</u> |

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

6 Employees

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

| | Group 2021 Number | 2020 Number | Company 2021 Number | 2020 Number |
|----------------------|-------------------------|----------------|---------------------------|----------------|
| Production staff | 57 | 81 | 52 | 76 |
| Administrative staff | 55 | 62 | 46 | 51 |
| Total | 112 | 143 | 98 | 127 |

Their aggregate remuneration comprised:

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|-----------------------|--------------------|------------------|----------------------|------------------|
| Wages and salaries | 4,239,051 | 5,252,410 | 3,624,733 | 4,575,408 |
| Social security costs | 423,095 | 455,798 | 372,021 | 406,153 |
| Pension costs | 172,786 | 202,517 | 154,365 | 184,174 |
| Total | 4,834,932 | 5,910,725 | 4,151,119 | 5,165,735 |

7 Directors' remuneration

| | 2021 £ | 2020 £ |
|--------------------------------------|-----------|-----------|
| Remuneration for qualifying services | 20,742 | 22,000 |

8 Interest receivable and similar income

| | 2021 £ | 2020 £ |
|---------------------------|---------------|--------------|
| Interest income | | |
| Interest on bank deposits | 12,839 | 6,684 |
| Other interest income | - | 769 |
| Total income | 12,839 | 7,453 |

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

9 Taxation

| | 2021 £ | 2020 £ |
|---|------------------|---------------|
| Current tax | | |
| UK corporation tax on profits for the current period | (125,567) | 29,606 |
| Adjustments in respect of prior periods | - | 19,540 |
| Other taxes | - | 202 |
| Total UK current tax | (125,567) | 49,348 |
| Foreign current tax on profits for the current period | 1,147 | 1,969 |
| Total current tax | (124,420) | 51,317 |
| Deferred tax | | |
| Other adjustments | (2,080) | (36,047) |
| Total tax (credit)/charge | (126,500) | 15,270 |

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

| | 2021 £ | 2020 £ |
|--|------------------|---------------|
| Profit before taxation | 1,182,915 | 556,532 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%) | 224,754 | 105,741 |
| Tax effect of expenses that are not deductible in determining taxable profit | 7 | 10,079 |
| Unutilised tax losses carried forward | - | 176,452 |
| Change in unrecognised deferred tax assets | 81,632 | - |
| Group relief | - | 19,540 |
| Additional deduction for R&D expenditure | (300,803) | (267,794) |
| Other permanent differences | 402 | - |
| Effect of overseas tax rates | (34,144) | 12,247 |
| Deferred tax adjustments in respect of prior years | (383) | - |
| Timing differences | (34,880) | (42,964) |
| Foreign tax credits | 1,147 | 1,969 |
| Chargeable gains | 25,150 | - |
| Remeasurement of deferred tax for changes in tax rates | (89,382) | - |
| Losses carried back | 125,567 | - |
| Loss carry back claim | (125,567) | - |
| Taxation (credit)/charge | (126,500) | 15,270 |

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

10 Dividends

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Recognised as distributions to equity holders: | | |
| Ordinary shares (£11.90 per share) | 360,000 | 420,000 |

11 Intangible fixed assets

| Group | Software £ |
|------------------------------------|-----------------------|
| Cost | |
| At 1 October 2020 | 251,026 |
| Additions | 67,018 |
| At 30 September 2021 | 318,044 |
| Amortisation and impairment | |
| At 1 October 2020 | 110,057 |
| Amortisation charged for the year | 20,929 |
| At 30 September 2021 | 130,986 |
| Carrying amount | |
| At 30 September 2021 | 187,058 |
| At 30 September 2020 | 140,969 |
| Company | Software £ |
| Cost | |
| At 1 October 2020 | 251,026 |
| Additions | 67,018 |
| At 30 September 2021 | 318,044 |
| Amortisation and impairment | |
| At 1 October 2020 | 110,057 |
| Amortisation charged for the year | 20,929 |
| At 30 September 2021 | 130,986 |
| Carrying amount | |
| At 30 September 2021 | 187,058 |
| At 30 September 2020 | 140,969 |

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

12 Tangible fixed assets

| Group | Freehold land | Leasehold improvements | Plant and equipment | Computers | Motor vehicles | Total |
|------------------------------------|---------------|------------------------|---------------------|-----------|----------------|-------------|
| | £ | £ | £ | £ | £ | £ |
| Cost | | | | | | |
| At 1 October 2020 | 1,135,979 | 124,629 | 4,071,236 | 354,382 | 172,179 | 5,858,405 |
| Additions | - | - | 113,424 | 19,191 | 75,708 | 208,323 |
| Disposals | - | - | (1,174,160) | (132,918) | (41,220) | (1,348,298) |
| Exchange adjustments | (24,921) | - | - | (654) | (3,558) | (29,133) |
| At 30 September 2021 | 1,111,058 | 124,629 | 3,010,500 | 240,001 | 203,109 | 4,689,297 |
| Depreciation and impairment | | | | | | |
| At 1 October 2020 | - | 16,856 | 3,283,937 | 264,265 | 134,315 | 3,699,373 |
| Depreciation charged in the year | - | 12,463 | 171,865 | 31,896 | 17,526 | 233,750 |
| Eliminated in respect of disposals | - | - | (1,174,160) | (132,918) | (41,220) | (1,348,298) |
| Exchange adjustments | - | - | - | (481) | (3,654) | (4,135) |
| At 30 September 2021 | - | 29,319 | 2,281,642 | 162,762 | 106,967 | 2,580,690 |
| Carrying amount | | | | | | |
| At 30 September 2021 | 1,111,058 | 95,310 | 728,858 | 77,239 | 96,142 | 2,108,607 |
| At 30 September 2020 | 1,135,979 | 107,773 | 787,299 | 90,117 | 37,864 | 2,159,032 |

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

12 Tangible fixed assets

(Continued)

| Company | Freehold land | Leasehold improvements | Plant and equipment | Computers | Motor vehicles | Total |
|------------------------------------|---------------|------------------------|---------------------|-----------|----------------|-------------|
| | £ | £ | £ | £ | £ | £ |
| Cost | | | | | | |
| At 1 October 2020 | 565,384 | 124,629 | 3,705,801 | 325,277 | 62,019 | 4,783,110 |
| Additions | - | - | 113,424 | 6,673 | - | 120,097 |
| Disposals | - | - | (1,174,160) | (132,918) | - | (1,307,078) |
| At 30 September 2021 | 565,384 | 124,629 | 2,645,065 | 199,032 | 62,019 | 3,596,129 |
| Depreciation and impairment | | | | | | |
| At 1 October 2020 | - | 16,856 | 3,034,639 | 244,046 | 41,572 | 3,337,113 |
| Depreciation charged in the year | - | 12,463 | 135,917 | 28,923 | 7,668 | 184,971 |
| Eliminated in respect of disposals | - | - | (1,174,160) | (132,918) | - | (1,307,078) |
| At 30 September 2021 | - | 29,319 | 1,996,396 | 140,051 | 49,240 | 2,215,006 |
| Carrying amount | | | | | | |
| At 30 September 2021 | 565,384 | 95,310 | 648,669 | 58,981 | 12,779 | 1,381,123 |
| At 30 September 2020 | 565,384 | 107,773 | 671,162 | 81,231 | 20,447 | 1,445,997 |

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|----------------|--------------------|-----------|----------------------|-----------|
| Motor vehicles | 12,779 | 20,447 | 12,779 | 20,447 |

13 Fixed asset investments

| | Notes | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|-----------------------------|-------|--------------------|-----------|----------------------|-----------|
| Investments in subsidiaries | 14 | - | - | 4,709 | 4,709 |

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

13 Fixed asset investments

(Continued)

Movements in fixed asset investments Company

Shares in
subsidiaries
£

Cost or valuation

At 1 October 2020 and 30 September 2021

4,709

Carrying amount

At 30 September 2021

4,709

At 30 September 2020

4,709

Tooling Alpha Limited were entitled to exemption from audit for the year ended 30 September 2021 under section 479A of the Companies Act 2006 relating to subsidiary companies. Rubberatkins Limited has provided a guarantee for the subsidiary's liabilities at 30 September 2021 in accordance with the terms of the Act.

14 Subsidiaries

Details of the company's subsidiaries at 30 September 2021 are as follows:

| Name of undertaking | Registered office | Class of shares held | % Held Direct |
|-------------------------------------|---|----------------------|---------------|
| Rubberatkins Inc | 24900 Pitkin Road, Suite 230, Spring, Houston, Texas 77386 | Ordinary | 100.00 |
| Tooling Alpha Limited | Claymore Avenue, Bridge of Don, Aberdeen, AB23 8GW | Ordinary | 80.00 |
| Thunderbirds Property Inc | 5051 Westheimer Road, Suite 1200, Houston, Texas 77056-5839 | Ordinary | 100.00 |
| Rubberatkins Trading Canada Limited | 2816 21 Street NE, Suite 204, Calgary, Alberta, T2E6Z2 | Ordinary | 100.00 |

15 Financial instruments

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|---|--------------------|-----------|----------------------|-----------|
| Carrying amount of financial assets | | | | |
| Debt instruments measured at amortised cost | 8,574,346 | 7,463,039 | - | - |
| Carrying amount of financial liabilities | | | | |
| Measured at amortised cost | 1,857,470 | 1,175,492 | - | - |

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments.

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

16 Stocks

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|-------------------------------------|--------------------|----------------|----------------------|----------------|
| Raw materials and consumables | 1,164,102 | 701,966 | 1,149,844 | 694,003 |
| Finished goods and goods for resale | 187,810 | 200,097 | 187,810 | 200,097 |
| | <u>1,351,912</u> | <u>902,063</u> | <u>1,337,654</u> | <u>894,100</u> |

Impairment losses recognised in the profit and loss account in the year were £15,638 (2020: £73,405).

17 Debtors

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|---|--------------------|------------------|----------------------|------------------|
| Amounts falling due within one year: | | | | |
| Trade debtors | 3,265,089 | 1,271,012 | 1,627,072 | 553,389 |
| Corporation tax recoverable | 125,851 | 305 | 125,872 | 305 |
| Amounts owed by group undertakings | - | - | 1,448,318 | 1,081,788 |
| Amounts owed by associated undertakings | 2,304,067 | 2,393,937 | 2,266,610 | 2,393,618 |
| Other debtors | 65,364 | 121,557 | 87,446 | 134,128 |
| Prepayments and accrued income | 353,345 | 445,912 | 301,179 | 392,343 |
| | <u>6,113,716</u> | <u>4,232,723</u> | <u>5,856,497</u> | <u>4,555,571</u> |

Amounts due from group and associated undertakings are unsecured, repayable on demand and interest free.

18 Creditors: amounts falling due within one year

| | Notes | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|------------------------------------|-------|--------------------|------------------|----------------------|------------------|
| Obligations under finance leases | 20 | 7,681 | 10,214 | 7,681 | 10,214 |
| Trade creditors | | 1,165,250 | 532,532 | 1,104,721 | 469,616 |
| Amounts owed to group undertakings | | - | - | - | 495,214 |
| Corporation tax payable | | - | 29,367 | - | - |
| Other taxation and social security | | 128,073 | 129,586 | 121,918 | 122,039 |
| Other creditors | | 381,118 | 139,044 | 284,566 | 61,537 |
| Accruals and deferred income | | 303,421 | 486,041 | 257,382 | 441,174 |
| | | <u>1,985,543</u> | <u>1,326,784</u> | <u>1,776,268</u> | <u>1,599,794</u> |

Amounts due to group undertakings are unsecured, repayable on demand and interest free.

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

19 Creditors: amounts falling due after more than one year

| | Notes | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|----------------------------------|-------|--------------------|-----------|----------------------|-----------|
| Obligations under finance leases | 20 | - | 7,661 | - | 7,661 |

20 Finance lease obligations

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|---|--------------------|---------------|----------------------|---------------|
| Future minimum lease payments due under finance leases: | | | | |
| Within one year | 7,681 | 10,214 | 7,681 | 10,214 |
| In two to five years | - | 7,661 | - | 7,661 |
| | <u>7,681</u> | <u>17,875</u> | <u>7,681</u> | <u>17,875</u> |

Finance lease payments represent rentals payable by the group for certain items of motor vehicles. Leases include purchase options at the end of the lease period and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

| | Liabilities 2021 £ | Liabilities 2020 £ |
|--------------------------------|--------------------------|--------------------------|
| Group | | |
| Fixed asset timing differences | 19,755 | 21,613 |
| Short term timing differences | (222) | - |
| | <u>19,533</u> | <u>21,613</u> |

The company has no deferred tax assets or liabilities.

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

21 Deferred taxation

(Continued)

| | Group 2021 £ | Company 2021 £ |
|--------------------------------|--------------------|----------------------|
| Movements in the year: | | |
| Liability at 1 October 2020 | 21,613 | - |
| Credit to profit or loss | (2,080) | - |
| Liability at 30 September 2021 | <u>19,533</u> | <u>-</u> |

The deferred tax liability set out above is expected to reverse within 5 years and relates to accelerated capital allowances that are expected to mature within the same period.

22 Deferred grants

Government grants recognised in the profit and loss in the year were £65,754 (2020: £508,999).

23 Retirement benefit schemes

| | 2021 £ | 2020 £ |
|---|----------------|----------------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | <u>172,786</u> | <u>202,517</u> |

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

As at the reporting date, amounts payable of £29,636 (2020: £30,668) had not been paid over to the scheme.

24 Share capital

| | 2021 Number | 2020 Number | 2021 £ | 2020 £ |
|---|----------------|----------------|---------------|---------------|
| Ordinary share capital issued and fully paid | | | | |
| Ordinary shares of £1 each | <u>30,242</u> | <u>30,242</u> | <u>30,242</u> | <u>30,242</u> |

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

25 Operating lease commitments

Lessee

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

| | Group 2021 £ | 2020 £ | Company 2021 £ | 2020 £ |
|----------------------------|--------------------|------------------|----------------------|------------------|
| Within one year | 315,538 | 307,178 | 290,000 | 293,107 |
| Between two and five years | 1,163,760 | 1,160,000 | 1,160,000 | 1,160,000 |
| In over five years | 821,667 | 1,111,667 | 821,667 | 1,111,667 |
| | <u>2,300,965</u> | <u>2,578,845</u> | <u>2,271,667</u> | <u>2,564,774</u> |

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

| | 2021 £ | 2020 £ |
|------------------------|---------------|---------------|
| Aggregate compensation | <u>20,742</u> | <u>22,000</u> |

Transactions with related parties

During the year the group entered into the following transactions with related parties:

| | Sales 2021 £ | 2020 £ | Purchases 2021 £ | 2020 £ |
|------------|--------------------|-----------|------------------------|--------------|
| Group | | | | |
| Subsidiary | 15,032 | 13,802 | 384,207 | 421,782 |
| Associates | <u>524,159</u> | <u>-</u> | <u>-</u> | <u>3,500</u> |

| | Sales 2021 £ | 2020 £ | Purchases 2021 £ | 2020 £ |
|------------|--------------------|-----------|------------------------|--------------|
| Company | | | | |
| Subsidiary | 15,032 | 13,802 | 384,207 | 421,782 |
| Associates | <u>524,159</u> | <u>-</u> | <u>-</u> | <u>3,500</u> |

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

26 Related party transactions

(Continued)

| | Management charges receivable | |
|--------------------|----------------------------------|---------|
| | 2021 | 2020 |
| | £ | £ |
| Group Associates | 114,000 | 114,000 |
| Company Associates | 114,000 | 114,000 |

The following amounts were outstanding at the reporting end date:

| Amounts due from related parties | 2021 Balance £ | 2020 Balance £ |
|----------------------------------|----------------------|----------------------|
| Group | | |
| Subsidiary | 81,592 | 97,777 |
| Associates | 2,803,896 | 2,473,466 |
| Company | | |
| Subsidiary | 81,592 | 97,777 |
| Associates | 2,803,280 | 2,416,418 |

Loans due from subsidiary and associated undertakings are unsecured, repayable on demand and interest free.

27 Directors' transactions

Dividends totalling £360,000 (2020 - £420,000) were paid in the year in respect of shares held by the company's directors.

RUBBERATKINS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

28 Cash (absorbed by)/generated from group operations

| | 2021 £ | 2020 £ |
|--|------------------|------------------|
| Profit for the year after tax | 1,309,415 | 541,262 |
| Adjustments for: | | |
| Taxation (credited)/charged | (126,500) | 15,270 |
| Investment income | (12,839) | (7,453) |
| Gain on disposal of tangible fixed assets | (432,496) | - |
| Amortisation and impairment of intangible assets | 20,929 | 23,440 |
| Depreciation and impairment of tangible fixed assets | 233,750 | 244,119 |
| Movements in working capital: | | |
| (Increase)/decrease in stocks | (449,849) | 135,387 |
| (Increase)/decrease in debtors | (1,755,447) | 977,666 |
| Increase/(decrease) in creditors | 690,659 | (39,758) |
| Cash (absorbed by)/generated from operations | (522,378) | 1,889,933 |

29 Analysis of changes in net debt - group

| | 2021 £ |
|--|------------------|
| Opening net funds | |
| Cash and cash equivalents | 3,729,313 |
| Obligations under finance leases | (17,875) |
| | <u>3,711,438</u> |
| Changes in net funds arising from: | |
| Cash flows of the entity | (742,877) |
| Changes in market value and exchange rates | (29,765) |
| | <u>2,938,796</u> |
| Closing net funds as analysed below | 2,938,796 |
| Closing net funds/(debt) | |
| Cash and cash equivalents | 2,946,477 |
| Obligations under finance leases | (7,681) |
| | <u>2,938,796</u> |

