

REGISTERED NUMBER: 01378413 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 2017

FOR

CLWYD COMPOUNDERS LIMITED

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FOR THE YEAR ENDED 30TH NOVEMBER 2017

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CLWYD COMPOUNDERS LIMITED

COMPANY INFORMATION  
FOR THE YEAR ENDED 30TH NOVEMBER 2017

**DIRECTORS:**

J G Haywood  
S A Haywood  
R L Thomas  
M Winrow  
D G O'Hare

**SECRETARY:**

S A Haywood

**REGISTERED OFFICE:**

1 Elm Point  
Abbey Road North  
Wrexham Industrial Estate  
Wrexham  
LL13 9UE

**REGISTERED NUMBER:**

01378413 (England and Wales)

**AUDITORS:**

M. D. Coxey and Co. Limited  
Chartered Accountants  
and Statutory Auditors  
25 Grosvenor Road  
Wrexham  
LL11 1BT

**BANKERS:**

HSBC Bank plc  
17-19 Regent Street  
Wrexham  
LL11 1RY

STRATEGIC REPORT  
FOR THE YEAR ENDED 30TH NOVEMBER 2017

The directors present their strategic report for the year ended 30th November 2017.

**REVIEW OF BUSINESS**

2017 was an exceptionally busy year for the business, seeing both the introduction of a new ERP system, and the fitting out of the business' new premises on Wrexham Industrial Estate. The physical move of the business to its new premises was successfully completed during December, and we are pleased to report that all but 1 of our staff have moved as well; the commitment shown to the success of the projects has been much appreciated.

The ERP implementation had been planned for April 2017. Due to unforeseen issues, this had to be delayed until September, which left very limited time for "bedding in" the new system before the physical move. This caused some serious issues for the business and its customers in quarter 4, 2017 and quarter 1, 2018, but these are now under control, and parts of the business are now seeing benefits from the new system. Further enhancements are planned for quarter 3 and 4, 2018, these will be introduced following a process which has been fully risk assessed in the light of our previous experience.

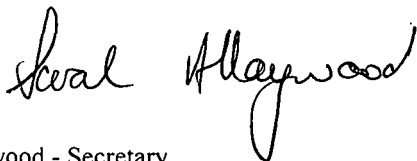
The completion of the above major projects, combined with the appointment of a new commercial director, David O'Hare, puts the business in a strong position to develop its activities for the long term.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The directors will continue to identify, monitor and manage potential risks and uncertainties to the subsidiary company, at present the principal risks are considered to be the following:-

- Recovery is now evident in the oil and gas markets, which is helping business in this sector
- Materials availability, particularly the availability of specific polymers, has become a serious issue which appears to be Europe wide. While the company has substantial expertise in polymer substitutions, the current high level of issues is stretching resources.
- Withdrawal of some raw materials, due to suppliers finding either that it is uneconomic to seek for registration for them, or that they are actual or potential Substances of Very High Concern under the REACH (Registration, Authorisation and Evaluation of Chemicals) legislation. There is as yet no clarity as to whether we would need to continue to adhere to this EU legislation after Brexit, or whether a separate UK regime is envisaged.
- Market conditions are volatile and hard to predict. The UK's decision to withdraw from EU, and the lack of a clarity regarding the trading arrangements which will follow continues to pose a significant risk to the business. While the majority of our immediate customers are UK based, we estimate that 70% of the products we supply to them are ultimately exported, with a substantial percentage going to the EU. In addition to the short term risks, which are well publicised, in the longer term there remains a significant threat from reduced inward investment in the UK advanced manufacturing sector, removal of opportunities to participate in EU funded projects, etc.
- All machinery has been successfully moved to the new site, the need to streamline processes at the new site while decommissioning the Ruabon site will continue to stretch company resources during 2018.

**ON BEHALF OF THE BOARD:**



S A Haywood - Secretary

15th August 2018

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30TH NOVEMBER 2017

The directors present their report with the financial statements of the company for the year ended 30th November 2017.

**DIVIDENDS**

An interim dividend of 28.512p per share was paid on 30th November 2017. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 30th November 2017 will be £139,710.

**FUTURE DEVELOPMENTS**

The company is in a strong position to develop its operations.

**DIRECTORS**

The directors set out in the table below have held office during the whole of the period from 1st December 2016 to the date of this report unless otherwise stated.

Other changes in directors holding office are as follows:

D G O'Hare - appointed 5.6.17

The directors shown below were in office at 30th November 2017 but did not hold any interest in the Ordinary shares of £0.10 each at 1st December 2016 (or date of appointment if later) or 30th November 2017.

J G Haywood  
S A Haywood  
R L Thomas  
M Winrow  
D G O'Hare

**FINANCIAL INSTRUMENTS**

The company's operations expose it to a variety of financial risks including price risk, credit risk, liquidity risk and cash flow risk.

The company's principal financial instruments comprise sterling, euro and dollar cash and bank deposit, together with trade debtors and trade creditors that arise directly from operations.

**Credit risk**

The company's credit risk is primarily attributable to its trade debtors. Credit risk is mitigated by monitoring and management of the credit limits given to its customers.

**Price risk**

The company is exposed to currency fluctuations as many raw materials need to be purchased in euros. Company policy is to internally hedge as much as possible, and to purchase the balance of euros required 3 months in advance. Formal hedging instruments are not used due to the difficulty in forecasting demand accurately

**Liquidity risk/ cash flow risk**

The company has experienced fluctuating sales levels from month to month over the last few years; as short lead time suppliers we are quickly affected by "market shocks" such as oil price fluctuations and the Brexit vote. The directors consider that the company has the financial strength to cover the impact of such events, combined with the additional expenditure which will be required in the coming year for the closure of our previous site and dilapidations.

**POST BALANCE SHEET EVENTS**

There have been no events since the year end which would materially affect the financial statements.

**FINANCIAL RISK MANAGEMENT**

To mitigate the effects of such risks the Directors have established procedures and methods which are reviewed on a regular basis, both on a monitoring basis and as a mechanism to identify new risks and uncertainties and to plan accordingly.

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 30TH NOVEMBER 2017**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, M. D. Coxey and Co. Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



S A Haywood - Secretary

15th August 2018

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
CLWYD COMPOUNDERS LIMITED

**Opinion**

We have audited the financial statements of Clwyd Compounders Limited (the 'company') for the year ended 30th November 2017 which comprise the Statement of Income and Retained Earnings, Balance Sheet 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 30th November 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

**Opinion 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**  
**CLWYD COMPOUNDERS LIMITED**

**Matters on which we are required to report by exception**

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

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

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

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditors' 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 a Report of the Auditors 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**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 a Report of the Auditors 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.

Michael Coxey (Senior Statutory Auditor)  
for and on behalf of M. D. Coxey and Co. Limited  
Chartered Accountants  
and Statutory Auditors  
25 Grosvenor Road  
Wrexham  
LL11 1BT

15th August 2018



**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**FOR THE YEAR ENDED 30TH NOVEMBER 2017**

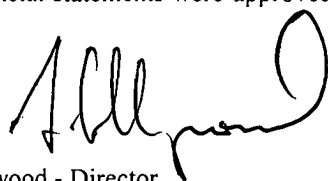
	Notes	30.11.17 £	30.11.16 £
<b>TURNOVER</b>	3	12,369,557	10,763,338
Cost of sales		8,187,162	6,934,490
<b>GROSS PROFIT</b>		4,182,395	3,828,848
Distribution costs		141,504	115,414
Administrative expenses		3,657,112	3,471,798
		3,798,616	3,587,212
		383,779	241,636
Other operating income	4	-	127,149
<b>OPERATING PROFIT</b>	7	383,779	368,785
Interest receivable and similar income	8	1,486	27,664
		385,265	396,449
Interest payable and similar expenses	9	2,843	-
<b>PROFIT BEFORE TAXATION</b>		382,422	396,449
Tax on profit	10	2,683	18,954
<b>PROFIT FOR THE FINANCIAL YEAR</b>		379,739	377,495
Retained earnings at beginning of year		7,296,865	7,133,293
Dividends	11	(139,710)	(213,923)
<b>RETAINED EARNINGS AT END OF YEAR</b>		7,536,894	7,296,865

The notes form part of these financial statements

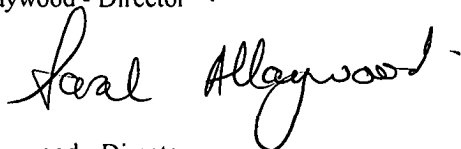
**BALANCE SHEET**  
**30TH NOVEMBER 2017**

	Notes	30.11.17 £	30.11.16 £
<b>FIXED ASSETS</b>			
Tangible assets	12	3,382,342	1,091,531
<b>CURRENT ASSETS</b>			
Stocks	13	2,022,843	1,548,373
Debtors	14	4,120,373	4,599,769
Cash at bank and in hand		802,408	1,958,457
		<u>6,945,624</u>	<u>8,106,599</u>
<b>CREDITORS</b>			
Amounts falling due within one year	15	<u>2,560,950</u>	<u>1,794,772</u>
<b>NET CURRENT ASSETS</b>		<u>4,384,674</u>	<u>6,311,827</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>7,767,016</u>	<u>7,403,358</u>
<b>PROVISIONS FOR LIABILITIES</b>	18	<u>180,122</u>	<u>56,493</u>
<b>NET ASSETS</b>		<u><u>7,586,894</u></u>	<u><u>7,346,865</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	49,000	49,000
Capital redemption reserve	20	1,000	1,000
Retained earnings	20	<u>7,536,894</u>	<u>7,296,865</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><u>7,586,894</u></u>	<u><u>7,346,865</u></u>

The financial statements were approved by the Board of Directors on 15th August 2018 and were signed on its behalf by:



J G Haywood - Director



S A Haywood - Director

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH NOVEMBER 2017

**1. STATUTORY INFORMATION**

Clwyd Compounders Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Status and principal activities**

Clwyd Compounders Limited is a company limited by shares, incorporated in England and Wales. Its Registered Office is 1 Elm Point, Abbey Road North, Wrexham Industrial Estate, Wrexham, LL13 9UE.

The principal activity of the company is the manufacture of rubber compounds.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH NOVEMBER 2017

2. **ACCOUNTING POLICIES - continued**

**Significant judgements and estimates**

In the application of the Company's accounting policies, management are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily available from other sources. The estimates and underlying 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key judgements and sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

- Estimated useful lives and residual values of fixed assets:

Depreciation of tangible fixed assets has been based on estimated useful lives and residual values deemed appropriate by the directors. Estimated useful lives and residual values are reviewed annually and revised as appropriate. Revisions take into account estimated useful lives used by other companies operating in the sector and actual asset lives and residual values, as evidenced by disposals during current and prior accounting periods.

- Estimated write down of stock to net realisable value:

Stock valuation has been based on an estimated useful life and residual value deemed appropriate by the directors. The estimated write down of stock to net realisable value is reviewed annually and revised as appropriate by the directors.

- Revenue recognition:

In making its judgement, management consider the detailed criteria for the recognition of revenue as set out within Section 23 of FRS 102. The directors are satisfied that the recognition point being typically when goods are delivered and legal title has passed is correct.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied, stated net of Value Added Tax.

**Sales of goods**

The company recognises revenue when the amount of revenue can be measured reliably, when it is probable that future economic benefits will flow to the entity and when the risks and rewards of ownership have passed to the customer. This typically happens when goods are delivered and legal title has passed.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- The length of the lease
Plant and machinery	- 10% on cost
Fixtures, fittings & equipment	- 20% on cost
Motor vehicles	- 20% on cost
Computer equipment	- 20% - 33% on cost

**Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH NOVEMBER 2017

2. **ACCOUNTING POLICIES - continued**

**Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the financial instrument.

**Cash and cash equivalents:**

These comprise cash at bank and other short-term highly liquid bank deposits with an original maturity of three months or less.

**Debtors:**

Debtors do not carry any interest and are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss account when there is objective evidence that the asset is impaired.

**Trade creditors:**

Trade creditors are not interest bearing and are stated at their nominal value.

Intra-group balances (being repayable on demand) are measured at the undiscounted amount of cash or other consideration expected to be paid or received.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Pension costs and other post-retirement benefits**

Contributions are made to a group personal pension plan for the benefit of staff managed by an independent insurance company. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH NOVEMBER 2017

**3. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	30.11.17	30.11.16
	£	£
Manufacture of rubber compound	12,369,557	10,763,338
	<u>12,369,557</u>	<u>10,763,338</u>

An analysis of turnover by geographical market is given below:

	30.11.17	30.11.16
	£	£
United Kingdom	10,501,287	8,961,052
European Community	1,279,875	1,140,740
Non European Community	588,395	661,546
	<u>12,369,557</u>	<u>10,763,338</u>

**4. OTHER OPERATING INCOME**

	30.11.17	30.11.16
	£	£
Exchange gains	-	127,149
	<u>-</u>	<u>127,149</u>

**5. EMPLOYEES AND DIRECTORS**

	30.11.17	30.11.16
	£	£
Wages and salaries	2,677,734	2,512,335
Social security costs	256,595	242,815
Other pension costs	221,117	196,218
	<u>3,155,446</u>	<u>2,951,368</u>

The average number of employees during the year was as follows:

	30.11.17	30.11.16
Production	36	36
Sales, technical and laboratory	26	26
Administration	9	9
	<u>71</u>	<u>71</u>

**6. DIRECTORS' EMOLUMENTS**

	30.11.17	30.11.16
	£	£
Directors' remuneration	474,044	473,574
Directors' pension contributions to money purchase schemes	36,588	39,083
	<u>510,632</u>	<u>512,657</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH NOVEMBER 2017

**6. DIRECTORS' EMOLUMENTS - continued**

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>3</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	30.11.17	30.11.16
	£	£
Emoluments etc	149,159	166,005
Pension contributions to money purchase schemes	<u>21,939</u>	<u>26,164</u>

Key management are also the directors.

**7. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	30.11.17	30.11.16
	£	£
Depreciation - owned assets	230,270	240,596
Profit on disposal of fixed assets	(9,500)	-
Auditors' remuneration	10,230	10,230
Foreign exchange differences	12,508	(127,149)
Operating lease rentals: other assets	<u>106,176</u>	<u>93,164</u>

**8. INTEREST RECEIVABLE AND SIMILAR INCOME**

	30.11.17	30.11.16
	£	£
Deposit account interest	<u>1,486</u>	<u>27,664</u>

**9. INTEREST PAYABLE AND SIMILAR EXPENSES**

	30.11.17	30.11.16
	£	£
Bank interest	<u>2,843</u>	<u>-</u>

**10. TAXATION****Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	30.11.17	30.11.16
	£	£
Current tax:		
UK corporation tax	(120,946)	-
Group relief	-	47,555
Total current tax	<u>(120,946)</u>	<u>47,555</u>
Deferred tax	<u>123,629</u>	<u>(28,601)</u>
Tax on profit	<u>2,683</u>	<u>18,954</u>

UK corporation tax has been charged at 19.32% (2016 - 20%).

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30TH NOVEMBER 2017**

**10. TAXATION - continued****Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	30.11.17 £	30.11.16 £
Profit before tax	<u>382,422</u>	<u>396,449</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2016 - 20%)	72,660	79,290
Effects of:		
Permanent timing differences	(377)	1,970
Tax rate change	8,707	-
Research & development tax reclaimed	(103,444)	(48,336)
Deferred tax prior year adjustment	17,513	(13,970)
Pension timing differences	7,624	-
Total tax charge	<u>2,683</u>	<u>18,954</u>

**11. DIVIDENDS**

	30.11.17 £	30.11.16 £
Interim	<u>139,710</u>	<u>213,923</u>

**12. TANGIBLE FIXED ASSETS**

	Short leasehold £	Assets in the course of construction £	Plant and machinery £
<b>COST</b>			
At 1st December 2016	1,095,976	-	1,853,046
Additions	<u>507,231</u>	<u>515,296</u>	<u>950,623</u>
At 30th November 2017	<u>1,603,207</u>	<u>515,296</u>	<u>2,803,669</u>
<b>DEPRECIATION</b>			
At 1st December 2016	901,077	-	1,485,686
Charge for year	137,659	-	30,431
Eliminated on disposal	-	-	-
At 30th November 2017	<u>1,038,736</u>	<u>-</u>	<u>1,516,117</u>
<b>NET BOOK VALUE</b>			
At 30th November 2017	<u>564,471</u>	<u>515,296</u>	<u>1,287,552</u>
At 30th November 2016	<u>194,899</u>	<u>-</u>	<u>367,360</u>



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH NOVEMBER 2017

12. **TANGIBLE FIXED ASSETS - continued**

	Fixtures, fittings & equipment £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>				
At 1st December 2016	1,100,303	65,228	568,324	4,682,877
Additions	55,485	28,500	463,946	2,521,081
Disposals	-	(35,538)	-	(35,538)
At 30th November 2017	1,155,788	58,190	1,032,270	7,168,420
<b>DEPRECIATION</b>				
At 1st December 2016	944,238	48,403	211,942	3,591,346
Charge for year	33,375	9,738	19,067	230,270
Eliminated on disposal	-	(35,538)	-	(35,538)
At 30th November 2017	977,613	22,603	231,009	3,786,078
<b>NET BOOK VALUE</b>				
At 30th November 2017	178,175	35,587	801,261	3,382,342
At 30th November 2016	156,065	16,825	356,382	1,091,531

13. **STOCKS**

	30.11.17 £	30.11.16 £
Raw materials & consumables	1,771,664	1,453,100
Finished goods	251,179	95,273
	<u>2,022,843</u>	<u>1,548,373</u>

The amount of stock recognised as an expense in cost of sales during the period was £6,967,218 (2016: £5,833,759).

14. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30.11.17 £	30.11.16 £
Trade debtors	3,033,688	2,525,633
Amounts owed by group undertakings	782,679	1,922,389
Other debtors	-	1,211
Corporation tax recoverable	180,946	60,000
Prepayments	123,060	90,536
	<u>4,120,373</u>	<u>4,599,769</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH NOVEMBER 2017

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30.11.17	30.11.16
	£	£
Trade creditors	1,577,181	1,029,967
Social security and other taxes	76,178	59,555
VAT	216,947	232,615
Other creditors & accruals	690,644	472,635
	<u>2,560,950</u>	<u>1,794,772</u>

**16. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	30.11.17	30.11.16
	£	£
Within one year	93,377	93,377
Between one and five years	42,798	136,175
	<u>136,175</u>	<u>229,552</u>

**17. SECURED DEBTS**

Multilateral guarantee in place 17th May 2017 given by Clwyd Compounders Limited and Clwydian Group Limited.

A debenture was created on 17th May 2017 whereby the company has granted a fixed charge over all present freehold and leasehold property; First fixed charge over books and other debts, chattels, goodwill and uncalled capital, both present and future; and First floating charge over all assets in favour of HSBC Bank PLC.

**18. PROVISIONS FOR LIABILITIES**

	30.11.17	30.11.16
	£	£
Deferred tax		
Accelerated capital allowances	<u>180,122</u>	<u>56,493</u>
		Deferred tax
		£
Balance at 1st December 2016		56,493
Movement in the year due to:		
Changes in tax allowances		97,409
Prior year adjustment		17,513
Changes in tax rates		8,707
Balance at 30th November 2017		<u>180,122</u>

**19. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.11.17	30.11.16
			£	£
490,000	Ordinary	£0.10	<u>49,000</u>	<u>49,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30TH NOVEMBER 2017

**20. RESERVES**

	Retained earnings £	Capital redemption reserve £	Totals £
At 1st December 2016	7,296,865	1,000	7,297,865
Profit for the year	379,739		379,739
Dividends	(139,710)		(139,710)
	<u>7,536,894</u>	<u>1,000</u>	<u>7,537,894</u>
At 30th November 2017			

**21. PENSION COMMITMENTS**

Contributions totalling £40,127 (2016: £33,516) were payable to the funds at the year end and are included in creditors.

**22. ULTIMATE PARENT COMPANY**

Clwydian Group Limited is regarded by the directors as being the company's ultimate parent company.

**23. CAPITAL COMMITMENTS**

	30.11.17 £	30.11.16 £
Contracted but not provided for in the financial statements	<u>170,127</u>	<u>91,000</u>

**24. RELATED PARTY DISCLOSURES**

A director of the company purchased a car during the year from the company at a cost of £9,500. The net book value at this time was £nil and the cost was deemed to be the market value.