

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 2021

FOR

CLWYD COMPOUNDERS LIMITED

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FOR THE YEAR ENDED 30TH NOVEMBER 2021

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CLWYD COMPOUNDERS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30TH NOVEMBER 2021

DIRECTORS:	J G Haywood S A Haywood M Winrow D G O'Hare I G Haywood
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 1RN

STRATEGIC REPORT
FOR THE YEAR ENDED 30TH NOVEMBER 2021

The directors present their strategic report for the year ended 30th November 2021.

REVIEW OF BUSINESS

The sales recovery experienced in quarter 4 2020 continued to gain strength in the new year, and the second covid lockdown, which we had anticipated, had much less impact on the business than the first. While order intake was strong, raw material supply chain disruption following the events of 2020 was worse than anything previously experienced in the business and caused huge problems for both our customers and our staff. Homeworking was re-introduced, but it became apparent that full time homeworking for office-based staff resulted in too many internal communications issues with resultant pressures on staff, so a blended model was adopted which proved successful and has now been made permanent.

Due to increasing sales and the measures needed to enable the business to deal with the materials supply situation, which is on-going, the business re-structured in quarter 3. Ian Haywood completed his MBA from Warwick University and joined the Board, and two existing staff members were promoted to the senior leadership team to replace one leaver. Several junior staff have stepped up to cover those promoted, and the technical team has also been significantly strengthened; one leaver has been replaced, and two additional staff recruited to work on material replacements and compound development. With several other new hires also in place across the business, the team is now in a strong position to take the business forward. An employee council has also been developed to enable all staff to be involved in working out how best to deal with the multiple issues arising in these rapidly changing times

Sales for the year ended 23% up on 2020 results, although this was partly driven by raw materials price increases, which are set to continue throughout 2022. The business has now returned to pre-pandemic levels of profitability, and, while 2022 looks to be another challenging year, the business is in a strong position to develop its operations.

PRINCIPAL RISKS AND UNCERTAINTIES

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

- Market conditions remain volatile and hard to predict. While demand is strong, the already challenging materials supply situation has been further complicated by the non-availability of some FKM polymers and events in Ukraine,
- While the threat to life from covid has reduced substantially, at least for the time being, the disease continues to impact absence rates within the business.
- The long-term risks of Brexit remain a concern, there remains a significant threat from reduced inward investment in the UK advanced manufacturing sector, loss of opportunities to participate in EU funded projects, etc.
- Withdrawal of some raw materials, due to suppliers finding either that it is uneconomic to seek for registration for them, or that they are, or they contain, actual or potential Substances of Very High Concern under the REACH (Registration, Authorisation and Evaluation of Chemicals) legislation.
- Exchange rate risk
- Recovery continues in the oil and gas markets we supply, which is helping business in this sector.

ON BEHALF OF THE BOARD:

S A Haywood - Secretary

5th April 2022

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH NOVEMBER 2021

The directors present their report with the financial statements of the company for the year ended 30th November 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of manufacture of rubber compounds.

DIVIDENDS

An interim dividend of £0.9443 per share was paid on 30th November 2021. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 30th November 2021 will be £ 462,693 .

FUTURE DEVELOPMENTS

The company is in a strong position to develop it's operations.

DIRECTORS

The directors set out in the table below have held office during the whole of the period from 1st December 2020 to the date of this report unless otherwise stated.

Other changes in directors holding office are as follows:

I G Haywood - appointed 1.10.21

The directors shown below were in office at 30th November 2021 but did not hold any interest in the Ordinary shares of £0.10 each at 1st December 2020 (or date of appointment if later) or 30th November 2021.

J G Haywood
S A Haywood
M Winrow
D G O'Hare
I G Haywood

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 continues to experience fluctuating sales levels from month to month; as short lead time suppliers we are quickly affected by "market shocks" such as covid-19 restrictions, oil price fluctuations and the implications of the Brexit deal. The directors consider that the company has the financial strength to cover the impact of such events.

POST BALANCE SHEET EVENTS

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

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH NOVEMBER 2021

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.

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

5th April 2022

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 2021 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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

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 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 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the 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.

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

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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

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.

Anthony Lewis (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

5th April 2022

**STATEMENT OF INCOME AND
RETAINED EARNINGS
FOR THE YEAR ENDED 30TH NOVEMBER 2021**

	Notes	30.11.21 £	£	30.11.20 £	£
TURNOVER	3		13,765,233		11,193,777
Cost of sales			<u>8,556,151</u>		<u>7,098,547</u>
GROSS PROFIT			5,209,082		4,095,230
Distribution costs		120,192		92,328	
Administrative expenses		<u>3,821,044</u>		<u>3,599,756</u>	
			<u>3,941,236</u>		<u>3,692,084</u>
			1,267,846		403,146
Other operating income	4		<u>3,916</u>		<u>83,811</u>
OPERATING PROFIT	7		1,271,762		486,957
Interest receivable and similar income	8		<u>-</u>		<u>833</u>
PROFIT BEFORE TAXATION			1,271,762		487,790
Tax on profit	9		<u>241,332</u>		<u>55,568</u>
PROFIT FOR THE FINANCIAL YEAR			1,030,430		432,222
Retained earnings at beginning of year			7,582,624		7,209,702
Dividends	10		(462,693)		(59,300)
RETAINED EARNINGS AT END OF YEAR			<u>8,150,361</u>		<u>7,582,624</u>

The notes form part of these financial statements

BALANCE SHEET
30TH NOVEMBER 2021

	Notes	30.11.21 £	£	30.11.20 £	£
FIXED ASSETS					
Tangible assets	11		2,898,486		3,206,488
CURRENT ASSETS					
Stocks	12	1,986,375		1,464,198	
Debtors	13	3,490,017		2,663,814	
Cash at bank and in hand		<u>2,981,251</u>		<u>2,180,108</u>	
		8,457,643		6,308,120	
CREDITORS					
Amounts falling due within one year	14	<u>2,889,274</u>		<u>1,692,467</u>	
NET CURRENT ASSETS			<u>5,568,369</u>		<u>4,615,653</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			8,466,855		7,822,141
CREDITORS					
Amounts falling due after more than one year	15		(22,167)		-
PROVISIONS FOR LIABILITIES	18		<u>(244,327)</u>		<u>(189,517)</u>
NET ASSETS			<u>8,200,361</u>		<u>7,632,624</u>
CAPITAL AND RESERVES					
Called up share capital	19		49,000		49,000
Capital redemption reserve	20		1,000		1,000
Retained earnings	20		<u>8,150,361</u>		<u>7,582,624</u>
SHAREHOLDERS' FUNDS			<u>8,200,361</u>		<u>7,632,624</u>

The financial statements were approved by the Board of Directors and authorised for issue on 5th April 2022 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 2021

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 paragraph 3.17(d);
- the requirements of paragraphs 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 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 2021

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	- 10% - 20% on cost
Motor vehicles	- 20% on cost
Computer equipment	- 10% - 20% 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 2021

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 2021

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:

	30.11.21 £	30.11.20 £
Manufacture of rubber compound	13,765,233	11,193,777
	<u>13,765,233</u>	<u>11,193,777</u>

An analysis of turnover by geographical market is given below:

	30.11.21 £	30.11.20 £
United Kingdom	11,331,166	9,038,094
European Community	1,874,674	1,131,693
Non European Community	559,393	1,023,990
	<u>13,765,233</u>	<u>11,193,777</u>

4. OTHER OPERATING INCOME

	30.11.21 £	30.11.20 £
Other income	2,333	83,811
Government grants	1,583	-
	<u>3,916</u>	<u>83,811</u>

5. EMPLOYEES AND DIRECTORS

	30.11.21 £	30.11.20 £
Wages and salaries	2,701,761	2,523,389
Social security costs	245,821	219,664
Other pension costs	198,113	233,373
	<u>3,145,695</u>	<u>2,976,426</u>

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

	30.11.21	30.11.20
Production	32	35
Sales, technical and laboratory	28	27
Administration	5	6
	<u>65</u>	<u>68</u>

6. DIRECTORS' EMOLUMENTS

	30.11.21 £	30.11.20 £
Directors' remuneration	340,295	317,742
Directors' pension contributions to money purchase schemes	<u>28,374</u>	<u>27,945</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH NOVEMBER 2021

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>
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Information regarding the highest paid director is as follows:

	30.11.21	30.11.20
	£	£
Emoluments etc	145,687	134,309
Pension contributions to money purchase schemes	<u>12,969</u>	<u>11,837</u>

Key management are also the directors.

7. OPERATING PROFIT

The operating profit is stated after charging:

	30.11.21	30.11.20
	£	£
Depreciation - owned assets	462,733	466,373
Auditors' remuneration	11,750	15,800
Auditors' remuneration for non audit work	3,250	1,500
Foreign exchange differences	27,766	1,202
Operating lease rentals: other assets	<u>300,000</u>	<u>300,000</u>

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	30.11.21	30.11.20
	£	£
Deposit account interest	-	812
Corporation tax interest	<u>-</u>	<u>21</u>
	<u>-</u>	<u>833</u>

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

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

	30.11.21	30.11.20
	£	£
Current tax:		
UK corporation tax	186,522	158
Deferred tax	54,810	55,410
Tax on profit	<u>241,332</u>	<u>55,568</u>

UK corporation tax has been charged at 19% (2020 - 19%).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH NOVEMBER 2021

9. **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:

	30.11.21 £	30.11.20 £
Profit before tax	<u>1,271,762</u>	<u>487,790</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	241,635	92,680
Effects of:		
Permanent timing differences	894	6,430
Pension timing differences	886	(144)
Research & development	-	(43,398)
Super-deduction capital allowance	(6,596)	-
Grant timing	<u>4,513</u>	<u>-</u>
Total tax charge	<u>241,332</u>	<u>55,568</u>

10. **DIVIDENDS**

	30.11.21 £	30.11.20 £
Interim	<u>462,693</u>	<u>59,300</u>

11. **TANGIBLE FIXED ASSETS**

	Short leasehold £	Plant and machinery £	Fixtures, fittings & equipment £
COST			
At 1st December 2020	2,032,651	2,520,033	602,498
Additions	7,501	139,160	8,070
Disposals	-	-	(7,000)
At 30th November 2021	<u>2,040,152</u>	<u>2,659,193</u>	<u>603,568</u>
DEPRECIATION			
At 1st December 2020	1,160,409	994,145	437,459
Charge for year	75,845	226,545	42,083
Eliminated on disposal	-	-	(7,000)
At 30th November 2021	<u>1,236,254</u>	<u>1,220,690</u>	<u>472,542</u>
NET BOOK VALUE			
At 30th November 2021	<u>803,898</u>	<u>1,438,503</u>	<u>131,026</u>
At 30th November 2020	<u>872,242</u>	<u>1,525,888</u>	<u>165,039</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH NOVEMBER 2021

11. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1st December 2020	50,500	977,620	6,183,302
Additions	-	-	154,731
Disposals	-	-	(7,000)
At 30th November 2021	<u>50,500</u>	<u>977,620</u>	<u>6,331,033</u>
DEPRECIATION			
At 1st December 2020	26,767	358,034	2,976,814
Charge for year	10,100	108,160	462,733
Eliminated on disposal	-	-	(7,000)
At 30th November 2021	<u>36,867</u>	<u>466,194</u>	<u>3,432,547</u>
NET BOOK VALUE			
At 30th November 2021	<u>13,633</u>	<u>511,426</u>	<u>2,898,486</u>
At 30th November 2020	<u>23,733</u>	<u>619,586</u>	<u>3,206,488</u>

12. STOCKS

	30.11.21 £	30.11.20 £
Raw materials & consumables	1,749,261	1,319,594
Work-in-progress	<u>237,114</u>	<u>144,604</u>
	<u>1,986,375</u>	<u>1,464,198</u>

The amount of stock recognised as an expense in cost of sales during the period was £7,262,226 (2020: £5,874,690).

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.11.21 £	30.11.20 £
Trade debtors	3,334,073	2,518,263
Prepayments	<u>155,944</u>	<u>145,551</u>
	<u>3,490,017</u>	<u>2,663,814</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.11.21 £	30.11.20 £
Trade creditors	1,366,602	981,732
Amounts owed to group undertakings	462,693	59,300
Corporation tax	186,521	158
Social security and other taxes	67,260	80,188
VAT	283,471	257,530
Other creditors & accruals	<u>522,727</u>	<u>313,559</u>
	<u>2,889,274</u>	<u>1,692,467</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH NOVEMBER 2021

15. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	30.11.21	30.11.20
	£	£
Deferred government grants	<u>22,167</u>	<u>-</u>

16. **LEASING AGREEMENTS**

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

	30.11.21	30.11.20
	£	£
Within one year	318,000	300,000
Between one and five years	1,272,000	1,200,000
In more than five years	<u>2,067,000</u>	<u>2,250,000</u>
	<u>3,657,000</u>	<u>3,750,000</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**

	30.11.21	30.11.20
	£	£
Deferred tax		
Accelerated capital allowances	<u>244,327</u>	<u>189,517</u>
		Deferred tax
		£
Balance at 1st December 2020		189,517
Movement in the year due to:		
Changes in tax allowances		(5,104)
Changes in tax losses		<u>59,914</u>
Balance at 30th November 2021		<u>244,327</u>

19. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.11.21	30.11.20
			£	£
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 2021

20. RESERVES

	Retained earnings £	Capital redemption reserve £	Totals £
At 1st December 2020	7,582,624	1,000	7,583,624
Profit for the year	1,030,430		1,030,430
Dividends	(462,693)		(462,693)
At 30th November 2021	<u>8,150,361</u>	<u>1,000</u>	<u>8,151,361</u>

21. PENSION COMMITMENTS

Contributions totalling £39,507 (2020: £34,841) 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

	30.11.21 £	30.11.20 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>-</u>

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