

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 2020

FOR

CLWYD COMPOUNDERS LIMITED

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FOR THE YEAR ENDED 30TH NOVEMBER 2020

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CLWYD COMPOUNDERS LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30TH NOVEMBER 2020

| | |
|---------------------------|--|
| DIRECTORS: | J G Haywood S A Haywood 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 1RN |

STRATEGIC REPORT
FOR THE YEAR ENDED 30TH NOVEMBER 2020

The directors present their strategic report for the year ended 30th November 2020.

REVIEW OF BUSINESS

The first 4 months of 2020 saw strong performance, followed by a sharp drop through the late spring and summer as the full impact of the covid-19 situation on many of our customers became apparent. Two thirds of technical and administrative staff were working from home by the end of March, and covid-secure protocols were introduced for staff working on site. The business decided to pay all self-isolating staff in full to minimise the risk of transmission between staff members. In May it became necessary to furlough 20% of staff to preserve jobs and skills through the downturn. This was successful; staff were gradually returned through the late summer and early autumn, enabling significant re-training/ upskilling to take place. When it became clear that a further lockdown would be needed, a small reduction in staff numbers (early retirement/voluntary redundancy) enabled the business to adjust to the volumes anticipated for 2021 with no further need for furlough.

Sales picked up strongly in the last 2 months, due in part to pre-Brexit stock building by customers, enabling the business to make a trading profit on the year as a whole. As a result of the excellent work carried out by our management and staff through a very difficult 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 considered to be the following: -

- Market conditions remain volatile and hard to predict. While vaccinations offer hope for the lifting of at least some of the covid-19 restrictions, it is still hard to see what the "post pandemic" world will look like. While we believe that the overall market for our compounds will remain strong, the size of the various sectors will obviously be heavily influenced by the rate and nature of the recovery.

The late "hard Brexit" deal has also left a great deal of uncertainty around Britain's trading relationship with the EU which continues to make business planning difficult.

While many 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 now clearly apparent, 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.

- Exchange rate risk; the company lost a relatively small amount of money due to its forward buying policy for the euro; however, the degree of volatility seen highlights the continued need for action.

- Recovery has been evident in the oil and gas markets, which is helping business in this sector.

- 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. While it appears that a separate UK regime is envisaged when we leave the EU, the existing rules would continue to apply in the meantime- change is unlikely to come soon.

ON BEHALF OF THE BOARD:

S A Haywood - Secretary

7th May 2021

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH NOVEMBER 2020

The directors present their report with the financial statements of the company for the year ended 30th November 2020.

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 12.1p per share was paid on 30th November 2020. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 30th November 2020 will be £ 59,300 .

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 2019 to the date of this report unless otherwise stated.

Other changes in directors holding office are as follows:

R L Thomas - resigned 31.12.19

The directors shown below were in office at 30th November 2020 but did not hold any interest in the Ordinary shares of £0.10 each at 1st December 2019 or 30th November 2020.

J G Haywood
S A Haywood
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 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.

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 2020

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

7th May 2021

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 2020 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the 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. 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.

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

7th May 2021

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 30TH NOVEMBER 2020

| | Notes | 30.11.20 £ | £ | 30.11.19 £ | £ |
|---|-------|------------------|------------------|------------------|------------------|
| TURNOVER | 3 | | 11,193,777 | | 12,473,697 |
| Cost of sales | | | <u>7,098,547</u> | | <u>7,961,881</u> |
| GROSS PROFIT | | | 4,095,230 | | 4,511,816 |
| Distribution costs | | 92,328 | | 118,588 | |
| Administrative expenses | | <u>3,599,756</u> | | <u>4,129,579</u> | |
| | | | <u>3,692,084</u> | | <u>4,248,167</u> |
| | | | 403,146 | | 263,649 |
| Other operating income | 4 | | <u>83,811</u> | | <u>6,119</u> |
| OPERATING PROFIT | 7 | | 486,957 | | 269,768 |
| Interest receivable and similar income | 8 | | <u>833</u> | | <u>709</u> |
| PROFIT BEFORE TAXATION | | | 487,790 | | 270,477 |
| Tax on profit | 9 | | <u>55,568</u> | | <u>(1,606)</u> |
| PROFIT FOR THE FINANCIAL YEAR | | | 432,222 | | 272,083 |
| Retained earnings at beginning of year | | | 7,209,702 | | 7,041,710 |
| Dividends | 10 | | (59,300) | | (104,091) |
| RETAINED EARNINGS AT END OF YEAR | | | <u>7,582,624</u> | | <u>7,209,702</u> |

The notes form part of these financial statements

BALANCE SHEET
30TH NOVEMBER 2020

| | Notes | 30.11.20 £ | £ | 30.11.19 £ | £ |
|--|-------|------------------|-------------------------|------------------|-------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 11 | | 3,206,488 | | 3,433,047 |
| CURRENT ASSETS | | | | | |
| Stocks | 12 | 1,464,198 | | 2,123,131 | |
| Debtors | 13 | 2,663,814 | | 2,705,591 | |
| Cash at bank and in hand | | <u>2,180,108</u> | | <u>1,022,634</u> | |
| | | 6,308,120 | | 5,851,356 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 14 | <u>1,692,467</u> | | <u>1,890,594</u> | |
| NET CURRENT ASSETS | | | <u>4,615,653</u> | | <u>3,960,762</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 7,822,141 | | 7,393,809 |
| PROVISIONS FOR LIABILITIES | 17 | | <u>189,517</u> | | <u>134,107</u> |
| NET ASSETS | | | <u><u>7,632,624</u></u> | | <u><u>7,259,702</u></u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 18 | | 49,000 | | 49,000 |
| Capital redemption reserve | 19 | | 1,000 | | 1,000 |
| Retained earnings | 19 | | <u>7,582,624</u> | | <u>7,209,702</u> |
| SHAREHOLDERS' FUNDS | | | <u><u>7,632,624</u></u> | | <u><u>7,259,702</u></u> |

The financial statements were approved by the Board of Directors and authorised for issue on 7th May 2021 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 2020

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 2020

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 2020

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 2020

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:

| | 30.11.20 | 30.11.19 |
|--------------------------------|-------------------|-------------------|
| | £ | £ |
| Manufacture of rubber compound | 11,193,777 | 12,473,697 |
| | <u>11,193,777</u> | <u>12,473,697</u> |

An analysis of turnover by geographical market is given below:

| | 30.11.20 | 30.11.19 |
|------------------------|-------------------|-------------------|
| | £ | £ |
| United Kingdom | 9,038,094 | 10,456,256 |
| European Community | 1,131,693 | 955,990 |
| Non European Community | 1,023,990 | 1,061,451 |
| | <u>11,193,777</u> | <u>12,473,697</u> |

4. OTHER OPERATING INCOME

| | 30.11.20 | 30.11.19 |
|--------------|---------------|--------------|
| | £ | £ |
| Other income | <u>83,811</u> | <u>6,119</u> |

5. EMPLOYEES AND DIRECTORS

| | 30.11.20 | 30.11.19 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 2,523,389 | 2,640,070 |
| Social security costs | 219,664 | 254,875 |
| Other pension costs | 233,373 | 267,236 |
| | <u>2,976,426</u> | <u>3,162,181</u> |

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

| | 30.11.20 | 30.11.19 |
|---------------------------------|-----------|-----------|
| Production | 35 | 37 |
| Sales, technical and laboratory | 27 | 29 |
| Administration | 6 | 7 |
| | <u>68</u> | <u>73</u> |

6. DIRECTORS' EMOLUMENTS

| | 30.11.20 | 30.11.19 |
|--|---------------|---------------|
| | £ | £ |
| Directors' remuneration | 317,742 | 427,637 |
| Directors' pension contributions to money purchase schemes | <u>27,945</u> | <u>63,389</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH NOVEMBER 2020

6. DIRECTORS' EMOLUMENTS - continued

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

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

Information regarding the highest paid director is as follows:

| | | |
|---|---------------|---------------|
| | 30.11.20 | 30.11.19 |
| | £ | £ |
| Emoluments etc | 134,309 | 120,348 |
| Pension contributions to money purchase schemes | <u>11,837</u> | <u>40,702</u> |

Key management are also the directors.

7. OPERATING PROFIT

The operating profit is stated after charging:

| | | |
|---|----------------|----------------|
| | 30.11.20 | 30.11.19 |
| | £ | £ |
| Depreciation - owned assets | 466,373 | 450,288 |
| Loss on disposal of fixed assets | - | 505 |
| Auditors' remuneration | 15,800 | 14,000 |
| Auditors' remuneration for non audit work | 1,500 | 1,500 |
| Foreign exchange differences | 1,202 | 46,838 |
| Operating lease rentals: other assets | <u>300,000</u> | <u>347,433</u> |

8. INTEREST RECEIVABLE AND SIMILAR INCOME

| | | |
|--------------------------|------------|------------|
| | 30.11.20 | 30.11.19 |
| | £ | £ |
| Deposit account interest | 812 | 709 |
| Corporation tax interest | <u>21</u> | <u>-</u> |
| | <u>833</u> | <u>709</u> |

9. TAXATION**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the profit for the year was as follows:

| | | |
|--------------------|---------------|----------------|
| | 30.11.20 | 30.11.19 |
| | £ | £ |
| Current tax: | | |
| UK corporation tax | 158 | (56,000) |
| Deferred tax | <u>55,410</u> | <u>54,394</u> |
| Tax on profit | <u>55,568</u> | <u>(1,606)</u> |

UK corporation tax has been charged at 19% (2019 - 19%).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH NOVEMBER 2020

9. **TAXATION - continued****Reconciliation of total tax charge/(credit) 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:

| | 30.11.20 £ | 30.11.19 £ |
|--|----------------|----------------|
| Profit before tax | <u>487,790</u> | <u>270,477</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%) | 92,680 | 51,391 |
| Effects of: | | |
| Adjustments to tax charge in respect of previous periods | - | 13,152 |
| Permanent timing differences | 6,430 | (1,166) |
| Pension timing differences | (144) | 1,742 |
| Research & development | (43,398) | (42,571) |
| Research & development prior year claim | - | (24,154) |
| Total tax charge/(credit) | <u>55,568</u> | <u>(1,606)</u> |

10. **DIVIDENDS**

| | 30.11.20 £ | 30.11.19 £ |
|---------|---------------|----------------|
| Interim | <u>59,300</u> | <u>104,091</u> |

11. **TANGIBLE FIXED ASSETS**

| | Short leasehold £ | Plant and machinery £ | Fixtures, fittings & equipment £ |
|-----------------------|-------------------------|-----------------------------|---|
| COST | | | |
| At 1st December 2019 | 1,935,240 | 2,386,090 | 599,258 |
| Additions | <u>97,411</u> | <u>133,943</u> | <u>3,240</u> |
| At 30th November 2020 | <u>2,032,651</u> | <u>2,520,033</u> | <u>602,498</u> |
| DEPRECIATION | | | |
| At 1st December 2019 | 1,090,366 | 766,874 | 388,295 |
| Charge for year | <u>70,043</u> | <u>227,271</u> | <u>49,164</u> |
| At 30th November 2020 | <u>1,160,409</u> | <u>994,145</u> | <u>437,459</u> |
| NET BOOK VALUE | | | |
| At 30th November 2020 | <u>872,242</u> | <u>1,525,888</u> | <u>165,039</u> |
| At 30th November 2019 | <u>844,874</u> | <u>1,619,216</u> | <u>210,963</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH NOVEMBER 2020

11. TANGIBLE FIXED ASSETS - continued

| | Motor vehicles £ | Computer equipment £ | Totals £ |
|-----------------------|------------------------|----------------------------|------------------|
| COST | | | |
| At 1st December 2019 | 50,500 | 972,400 | 5,943,488 |
| Additions | - | 5,220 | 239,814 |
| At 30th November 2020 | <u>50,500</u> | <u>977,620</u> | <u>6,183,302</u> |
| DEPRECIATION | | | |
| At 1st December 2019 | 16,667 | 248,239 | 2,510,441 |
| Charge for year | 10,100 | 109,795 | 466,373 |
| At 30th November 2020 | <u>26,767</u> | <u>358,034</u> | <u>2,976,814</u> |
| NET BOOK VALUE | | | |
| At 30th November 2020 | <u>23,733</u> | <u>619,586</u> | <u>3,206,488</u> |
| At 30th November 2019 | <u>33,833</u> | <u>724,161</u> | <u>3,433,047</u> |

12. STOCKS

| | 30.11.20 £ | 30.11.19 £ |
|-----------------------------|------------------|------------------|
| Raw materials & consumables | 1,319,594 | 1,966,916 |
| Work-in-progress | <u>144,604</u> | <u>156,215</u> |
| | <u>1,464,198</u> | <u>2,123,131</u> |

The amount of stock recognised as an expense in cost of sales during the period was £5,874,690 (2019: £6,730,179).

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 30.11.20 £ | 30.11.19 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 2,518,263 | 2,528,807 |
| Amounts owed by group undertakings | - | 17,038 |
| Other debtors | - | 4,996 |
| Corporation tax recoverable | - | 56,135 |
| Prepayments | <u>145,551</u> | <u>98,615</u> |
| | <u>2,663,814</u> | <u>2,705,591</u> |

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 30.11.20 £ | 30.11.19 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 981,732 | 1,270,387 |
| Amounts owed to group undertakings | 59,300 | - |
| Corporation tax | 158 | 135 |
| Social security and other taxes | 80,188 | 67,128 |
| VAT | 257,530 | 234,194 |
| Other creditors & accruals | <u>313,559</u> | <u>318,750</u> |
| | <u>1,692,467</u> | <u>1,890,594</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH NOVEMBER 2020

15. LEASING AGREEMENTS

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

| | 30.11.20 £ | 30.11.19 £ |
|----------------------------|-------------------------|-------------------------|
| Within one year | 300,000 | 300,000 |
| Between one and five years | 1,200,000 | 1,200,000 |
| In more than five years | <u>2,250,000</u> | <u>2,550,000</u> |
| | <u><u>3,750,000</u></u> | <u><u>4,050,000</u></u> |

16. 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.

17. PROVISIONS FOR LIABILITIES

| | 30.11.20 £ | 30.11.19 £ |
|--------------------------------|----------------|-----------------------|
| Deferred tax | | |
| Accelerated capital allowances | <u>189,517</u> | <u>134,107</u> |
| | | Deferred tax |
| | | £ |
| Balance at 1st December 2019 | | 134,107 |
| Movement in the year due to: | | |
| Changes in tax allowances | | 16,085 |
| Changes in tax losses | | <u>39,325</u> |
| Balance at 30th November 2020 | | <u><u>189,517</u></u> |

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 30.11.20 £ | 30.11.19 £ |
|---------|----------|----------------|---------------|---------------|
| 490,000 | Ordinary | £0.10 | <u>49,000</u> | <u>49,000</u> |

19. RESERVES

| | Retained earnings £ | Capital redemption reserve £ | Totals £ |
|-----------------------|-------------------------|---------------------------------|-------------------------|
| At 1st December 2019 | 7,209,702 | 1,000 | 7,210,702 |
| Profit for the year | 432,222 | | 432,222 |
| Dividends | <u>(59,300)</u> | | <u>(59,300)</u> |
| At 30th November 2020 | <u><u>7,582,624</u></u> | <u><u>1,000</u></u> | <u><u>7,583,624</u></u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30TH NOVEMBER 2020

20. **PENSION COMMITMENTS**

Contributions totalling £34,841 (2019: £35,605) were payable to the funds at the year end and are included in creditors.

21. **ULTIMATE PARENT COMPANY**

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

22. **CAPITAL COMMITMENTS**

| | 30.11.20 £ | 30.11.19 £ |
|---|---------------|---------------|
| Contracted but not provided for in the financial statements | <u>-</u> | <u>-</u> |

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