

**Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 December 2020
for
Eco Filters Limited**

**Contents of the Consolidated Financial Statements
for the Year Ended 31 December 2020**

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Eco Filters Limited
Company Information
for the Year Ended 31 December 2020

DIRECTORS: R I Colclough
P F McGowan
Mrs L K McGowan
Mrs D A McGowan
E Hine

SECRETARY: Ms L Lees

REGISTERED OFFICE: 33A St Peters Street
Radford
Nottingham
Nottinghamshire
NG7 3EN

REGISTERED NUMBER: 02871295 (England and Wales)

AUDITORS: HSKS Greenhalgh
Chartered Accountants &
Statutory Auditor
3rd Floor
Butt Dyke House
33 Park Row
Nottingham
NG1 6EE

**Group Strategic Report
for the Year Ended 31 December 2020**

The directors present their strategic report of the company and the group for the year ended 31 December 2020.

REVIEW OF BUSINESS

The year 2020 has been very much affected by the Covid-19 epidemic with a fall in UK turnover of just over 22% and a similar fall in net profit. Financial help from Government has prevented even worse figures.

Our Dubai subsidiary suffered a slightly smaller 17% fall in turnover but without the help we received in the UK from the Government; net profit fell by 27%.

The high level of house building in the UK has meant that having returned to normal levels of working by the end of 2020 we have moved into a very strong market in 2021 with a forecast of a record year.

Whilst Dubai has shown some growth in 2021 the economy is sluggish and we are not yet back to the levels achieved in 2019.

PRINCIPAL RISKS AND UNCERTAINTIES

The ongoing threats from Covid-19 cannot be ignored but there are no signs that the building industry is slowing down and we will be carried along with it, as we have been so far in 2021.

There was a threat to raw material supplies earlier in 2021 but these have been resolved. New suppliers have been found and their products tested giving us a wider supply base for the future.

There have been price increases, but these will be taken into account when we review our sales prices.

DEVELOPMENT AND PERFORMANCE OF THE GROUP

The acquisition of a new factory building at Deakins Place, Nottingham, has given us some further storage space as well as a good rental income, as compared with bank interest rates.

We continue to update and replace production machinery with further plans for 2022.

Our workforce are both reliable and efficient enabling us to maintain profit margins.

FINANCIAL KEY PERFORMANCE INDICATORS

Despite all of the falls reported earlier, gross profit percentage has increased by 1.0% in 2020.

Although net profit (before tax) percentage has fallen due to the under recovery of fixed overheads, it was only down by 1.6%.

2021 is showing strong performance and we are looking forward to a further increase in net profit percentage.

ON BEHALF OF THE BOARD:

P F McGowan - Director

23 December 2021

**Report of the Directors
for the Year Ended 31 December 2020**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2020.

DIVIDENDS

Interim dividends per share were paid as follows:

Ordinary £1 shares	133.3333	- 15 April 2020
B Ordinary £1 shares	133.3333	- 27 January 2020
	133.3333	- 14 April 2020
	133.3333	- 8 September 2020
	<u>266.6666</u>	- 4 December 2020
	<u>666.6666</u>	

The directors recommend that no final dividends be paid.

The total distribution of dividends for the year ended 31 December 2020 will be £ 600,000 .

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

R I Colclough
P F McGowan
Mrs L K McGowan
Mrs D A McGowan

Other changes in directors holding office are as follows:

E Hine was appointed as a director after 31 December 2020 but prior to the date of this report.

I R Chisholm ceased to be a director after 31 December 2020 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Report of the Directors
for the Year Ended 31 December 2020**

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 group'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 group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

P F McGowan - Director

23 December 2021

Report of the Independent Auditors to the Members of Eco Filters Limited

Qualified opinion

We have audited the financial statements of Eco Filters Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, 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, except for the possible effects of the matters described in the basis for qualified opinion section of our report, the financial statements:

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

Basis for opinion

We were not appointed as auditor of the group until after 31 December 2019 and thus did not observe the counting of physical stock of the parent company at the end of that year. We were unable to satisfy ourselves by alternative means concerning the stock quantities held at 31 December 2019, totalling £399,427, by using other audit procedures. Consequently we were unable to determine whether any adjustment to this amount was necessary.

Furthermore, we were unable to obtain sufficient appropriate audit evidence relating to the audit work undertaken by the auditor of the subsidiary company for the year ended 31 December 2020. However, the auditor's report of the subsidiary company confirmed that the financial statements gave a true and fair view of the financial position of the subsidiary as at 31 December 2020 and of its financial performance and its cash flow for the year ended on 31 December 2020. Consequently we were unable to determine whether any adjustments to the subsidiary financial statements and therefore the group financial statements were necessary.

In addition, were any adjustments arising from the above to be required, the Group Strategic Report would also need to be amended.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Report of the Independent Auditors to the Members of Eco Filters Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group Strategic Report, and the Report of the Directors, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matters described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Other matter

The comparative consolidated financial statements of Eco Filters Limited are unaudited.

Matters on which we are required to report by exception

Except for the matters described in the basis for qualified opinion section of our report, in the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Arising solely from the limitation on the scope of our work relating to inventory, referred to above:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Report of the Independent Auditors to the Members of Eco Filters 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered the nature of the group's business and its control environment. We also enquired of management about their identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework in which the group operates and identified key laws and regulations that:

- Had a direct effect on the determination of material amounts and disclosures in the financial statements, which included the Companies Act 2006, tax legislation and payroll legislation; and
- Did not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate.

We discussed among the audit engagement team the opportunities and incentives that may exist within the group for fraud and how / where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of accounting adjustments and journal entries, assessed whether accounting estimates were reasonable and accurate and reviewed the accounting records for any significant and unusual transactions.

In addition, our procedures to respond to the risks identified included:

- Reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify any unusual or unexpected variances that may indicate risks of material misstatement due to fraud;
- Enquiring of management about any instances of non-compliance with laws and regulations and any instances of known or suspected fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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
Eco Filters 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.

Philip Handley (FCA) (Senior Statutory Auditor)
for and on behalf of HSKS Greenhalgh
Chartered Accountants &
Statutory Auditor
3rd Floor
Butt Dyke House
33 Park Row
Nottingham
NG1 6EE

23 December 2021

**Consolidated
Income Statement
for the Year Ended 31 December 2020**

	Notes	2020 £	2019 £
TURNOVER	3	4,431,132	5,647,233
Cost of sales		<u>(1,843,337)</u>	<u>(2,402,635)</u>
GROSS PROFIT		2,587,795	3,244,598
Administrative expenses		<u>(1,417,841)</u>	<u>(1,480,893)</u>
		1,169,954	1,763,705
Other operating income		<u>144,557</u>	12,708
OPERATING PROFIT	5	1,314,511	1,776,413
Interest receivable and similar income		<u>6,347</u>	14,417
		1,320,858	1,790,830
Interest payable and similar expenses	6	<u>9,829</u>	<u>(2,726)</u>
PROFIT BEFORE TAXATION		1,330,687	1,788,104
Tax on profit	7	<u>(165,221)</u>	<u>(70,064)</u>
PROFIT FOR THE FINANCIAL YEAR		1,165,466	1,718,040
Profit attributable to: Owners of the parent		<u>1,165,466</u>	<u>1,718,040</u>

The notes form part of these financial statements

Eco Filters Limited (Registered number: 02871295)

**Consolidated
Other Comprehensive Income
for the Year Ended 31 December 2020**

	Notes	2020 £	2019 £
PROFIT FOR THE YEAR		1,165,466	1,718,040
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,165,466</u>	<u>1,718,040</u>
Total comprehensive income attributable to: Owners of the parent		<u>1,165,466</u>	<u>1,718,040</u>

The notes form part of these financial statements

Consolidated Balance Sheet
31 December 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible assets	10		1,761,068		1,872,626
Investments	11		-		-
Investment property	12		1,049,794		-
			<u>2,810,862</u>		<u>1,872,626</u>
CURRENT ASSETS					
Stocks	13	574,395		537,161	
Debtors	14	1,396,428		1,420,619	
Cash at bank		<u>2,473,194</u>		<u>2,789,645</u>	
		4,444,017		4,747,425	
CREDITORS					
Amounts falling due within one year	15	<u>585,665</u>		<u>467,548</u>	
NET CURRENT ASSETS			<u>3,858,352</u>		<u>4,279,877</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,669,214</u>		<u>6,152,503</u>
PROVISIONS FOR LIABILITIES	18		(45,340)		(53,308)
RETIREMENT HEALTHCARE BENEFITS OBLIGATIONS	21		(128,619)		(121,768)
NET ASSETS			<u>6,495,255</u>		<u>5,977,427</u>
CAPITAL AND RESERVES					
Called up share capital	19		1,500		1,500
Capital redemption reserve	20		250		250
Retained earnings	20		6,493,505		5,975,677
SHAREHOLDERS' FUNDS			<u>6,495,255</u>		<u>5,977,427</u>

The financial statements were approved by the Board of Directors and authorised for issue on 23 December 2021 and were signed on its behalf by:

P F McGowan - Director

Company Balance Sheet
31 December 2020

	Notes	2020 £	£	2019 £	£
FIXED ASSETS					
Tangible assets	10		1,708,002		1,817,157
Investments	11		54,332		54,332
Investment property	12		1,049,794		-
			2,812,128		<u>1,871,489</u>
CURRENT ASSETS					
Stocks	13	423,932		399,427	
Debtors	14	954,033		987,010	
Cash at bank		1,548,335		2,068,416	
		2,926,300		3,454,853	
CREDITORS					
Amounts falling due within one year	15	560,281		445,408	
NET CURRENT ASSETS			2,366,019		<u>3,009,445</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,178,147		<u>4,880,934</u>
PROVISIONS FOR LIABILITIES	18		45,340		<u>53,308</u>
NET ASSETS			5,132,807		<u>4,827,626</u>
CAPITAL AND RESERVES					
Called up share capital	19		1,500		1,500
Capital redemption reserve	20		250		250
Retained earnings	20		5,131,057		<u>4,825,876</u>
SHAREHOLDERS' FUNDS			5,132,807		<u>4,827,626</u>
Company's profit for the financial year			905,181		<u>1,357,200</u>

The financial statements were approved by the Board of Directors and authorised for issue on 23 December 2021 and were signed on its behalf by:

P F McGowan - Director

**Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2020**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 January 2019	1,500	5,143,173	250	5,144,923
Changes in equity				
Dividends	-	(900,000)	-	(900,000)
Total comprehensive income	-	1,732,504	-	1,732,504
Balance at 31 December 2019	<u>1,500</u>	<u>5,975,677</u>	<u>250</u>	<u>5,977,427</u>
Changes in equity				
Dividends	-	(600,000)	-	(600,000)
Total comprehensive income	-	1,117,828	-	1,117,828
Balance at 31 December 2020	<u>1,500</u>	<u>6,493,505</u>	<u>250</u>	<u>6,495,255</u>

**Company Statement of Changes in Equity
for the Year Ended 31 December 2020**

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 January 2019	1,500	4,368,676	250	4,370,426
Changes in equity				
Dividends	-	(900,000)	-	(900,000)
Total comprehensive income	-	1,357,200	-	1,357,200
Balance at 31 December 2019	<u>1,500</u>	<u>4,825,876</u>	<u>250</u>	<u>4,827,626</u>
Changes in equity				
Dividends	-	(600,000)	-	(600,000)
Total comprehensive income	-	905,181	-	905,181
Balance at 31 December 2020	<u>1,500</u>	<u>5,131,057</u>	<u>250</u>	<u>5,132,807</u>

**Consolidated Cash Flow Statement
for the Year Ended 31 December 2020**

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	1,409,210	1,506,492
Interest paid		(439)	(612)
Finance costs paid		10,268	(2,114)
Tax paid		(165,287)	775
Net cash from operating activities		<u>1,253,752</u>	<u>1,504,541</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(38,677)	(135,384)
Purchase of investment property		(1,049,794)	-
Sale of tangible fixed assets		10,155	-
Interest received		6,347	14,417
Net cash from investing activities		<u>(1,071,969)</u>	<u>(120,967)</u>
Cash flows from financing activities			
Amount introduced by directors		-	41,022
Government grants		101,766	12,708
Equity dividends paid		(600,000)	(900,000)
Net cash from financing activities		<u>(498,234)</u>	<u>(846,270)</u>
(Decrease)/increase in cash and cash equivalents		<u>(316,451)</u>	<u>537,304</u>
Cash and cash equivalents at beginning of year	2	2,789,645	2,252,341
Cash and cash equivalents at end of year	2	<u>2,473,194</u>	<u>2,789,645</u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2020**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£	£
Profit before taxation	1,330,687	1,788,104
Depreciation charges	147,844	148,147
Profit on disposal of fixed assets	(7,764)	-
Gain/loss on foreign exchange	(47,638)	14,465
Government grants	(101,766)	(12,708)
Finance costs	(9,829)	2,726
Finance income	(6,347)	(14,417)
	<u>1,305,187</u>	<u>1,926,317</u>
Increase in stocks	(37,234)	(18,301)
Decrease/(increase) in trade and other debtors	24,191	(267,111)
Increase/(decrease) in trade and other creditors	117,066	(134,413)
Cash generated from operations	<u>1,409,210</u>	<u>1,506,492</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2020

	31/12/20	1/1/20
	£	£
Cash and cash equivalents	<u>2,473,194</u>	<u>2,789,645</u>

Year ended 31 December 2019

	31/12/19	1/1/19
	£	£
Cash and cash equivalents	<u>2,789,645</u>	<u>2,252,341</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/1/20	Cash flow	At 31/12/20
	£	£	£
Net cash			
Cash at bank	<u>2,789,645</u>	(316,451)	<u>2,473,194</u>
	<u>2,789,645</u>	<u>(316,451)</u>	<u>2,473,194</u>
Total	<u>2,789,645</u>	<u>(316,451)</u>	<u>2,473,194</u>

**Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2020**

1. STATUTORY INFORMATION

Eco Filters 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 General 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.

The directors have assessed the balance sheet and likely future cash flows at the date of approving these financial statements.

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence and to meet its financial obligations as they fall due for at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

During the year under review, the COVID-19 pandemic has become a significant emerging risk to the global economy. The directors continue to monitor the impact on the business on an ongoing basis.

At the time of approving these financial statements, the directors do not consider COVID-19 to impact the group's ability to continue as a going concern and considers the balance sheet to be appropriately valued. The directors note this is a non-adjusting post balance sheet event.

Basis of consolidation

Eco Filters Limited has one subsidiary, Eco Filters FZCO, which has been included in the group consolidated financial statements in accordance with the provisions of the Companies Act 2006. The subsidiary has been included in the group financial statements using the acquisition method of accounting.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over the expected useful economic life as follows:

Freehold property	- 2% straight line
Leasehold property	- 2% straight line on land & building over period of lease
Plant and machinery	- 15% straight line
Furniture, fittings and equipment	- 25% straight line
Motor vehicles	- 25% straight line

Government grants

Income from government grants, whether 'capital' grants or 'revenue' grants, are recognised when the group has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

2. ACCOUNTING POLICIES - continued

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.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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.

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.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

3. TURNOVER

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

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom	2,957,326	3,804,031
Rest of the world	1,473,806	1,843,202
	<u>4,431,132</u>	<u>5,647,233</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

4. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	1,626,651	1,702,198
Social security costs	105,253	113,362
Other pension costs	67,015	68,134
	<u>1,798,919</u>	<u>1,883,694</u>

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

	2020	2019
Directors	5	5
Factory and admin staff	<u>53</u>	<u>51</u>
	<u>58</u>	<u>56</u>

	2020	2019
	£	£
Directors' remuneration	<u>217,298</u>	<u>217,603</u>

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

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

Information regarding the highest paid director is as follows:

	2020	2019
	£	£
Emoluments etc	<u>156,966</u>	<u>-</u>

5. OPERATING PROFIT

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

	2020	2019
	£	£
Hire of plant and machinery	1,544	1,051
Other operating leases	97,936	108,641
Depreciation - owned assets	147,844	148,147
Profit on disposal of fixed assets	<u>(7,764)</u>	<u>-</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Bank interest	-	612
Corporation tax interest	439	-
Foreign currency (gains)/ losses	<u>(10,268)</u>	<u>2,114</u>
	<u>(9,829)</u>	<u>2,726</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

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

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

	2020 £	2019 £
Current tax:		
UK corporation tax	170,981	98,679
Under/(over) provision of corporation tax	<u>2,208</u>	<u>(39,907)</u>
Total current tax	173,189	58,772
Deferred tax	<u>(7,968)</u>	<u>11,292</u>
Tax on profit	<u>165,221</u>	<u>70,064</u>

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:

	2020 £	2019 £
Profit before tax	<u>1,330,687</u>	<u>1,788,104</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19 % (2019 - 19 %)	252,831	339,740
Effects of:		
Expenses not deductible for tax purposes	822	89
Income not taxable for tax purposes	-	(127,571)
Depreciation in excess of capital allowances	18,081	3,338
Adjustments to tax charge in respect of previous periods	2,208	(39,907)
Patent profit taxed at lower rate	(6,615)	-
R&D enhanced deduction	(44,684)	(48,165)
Difference in overseas taxation rates	(49,454)	(68,560)
Deferred tax	(7,968)	11,292
Allowable expenditure not in profit and loss account	-	(192)
Total tax charge	<u>165,221</u>	<u>70,064</u>

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. DIVIDENDS

	2020 £	2019 £
Ordinary shares of £1 each		
Interim	100,000	257,350
B Ordinary shares of £1 each		
Interim	<u>500,000</u>	<u>642,650</u>
	<u>600,000</u>	<u>900,000</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

10. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Long leasehold £	Plant and machinery £
COST			
At 1 January 2020	931,169	493,424	1,943,912
Additions	-	-	7,453
Disposals	-	-	-
Reclassification/transfer	292,441	-	(292,441)
At 31 December 2020	<u>1,223,610</u>	<u>493,424</u>	<u>1,658,924</u>
DEPRECIATION			
At 1 January 2020	168,899	179,418	1,181,962
Charge for year	10,659	9,869	103,954
Eliminated on disposal	-	-	-
At 31 December 2020	<u>179,558</u>	<u>189,287</u>	<u>1,285,916</u>
NET BOOK VALUE			
At 31 December 2020	<u>1,044,052</u>	<u>304,137</u>	<u>373,008</u>
At 31 December 2019	<u>762,270</u>	<u>314,006</u>	<u>761,950</u>

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 January 2020	70,757	98,458	18,775	3,556,495
Additions	3,500	26,487	1,237	38,677
Disposals	-	(37,505)	-	(37,505)
Reclassification/transfer	-	-	-	-
At 31 December 2020	<u>74,257</u>	<u>87,440</u>	<u>20,012</u>	<u>3,557,667</u>
DEPRECIATION				
At 1 January 2020	63,817	73,285	16,488	1,683,869
Charge for year	2,657	19,835	870	147,844
Eliminated on disposal	-	(35,114)	-	(35,114)
At 31 December 2020	<u>66,474</u>	<u>58,006</u>	<u>17,358</u>	<u>1,796,599</u>
NET BOOK VALUE				
At 31 December 2020	<u>7,783</u>	<u>29,434</u>	<u>2,654</u>	<u>1,761,068</u>
At 31 December 2019	<u>6,940</u>	<u>25,173</u>	<u>2,287</u>	<u>1,872,626</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

10. TANGIBLE FIXED ASSETS - continued

Company

	Freehold property £	Long leasehold £	Plant and machinery £
COST			
At 1 January 2020	931,169	493,424	1,798,957
Additions	-	-	3,605
Disposals	-	-	-
Reclassification/transfer	292,441	-	(292,441)
At 31 December 2020	<u>1,223,610</u>	<u>493,424</u>	<u>1,510,121</u>
DEPRECIATION			
At 1 January 2020	168,899	179,418	1,064,893
Charge for year	10,659	9,869	93,162
Eliminated on disposal	-	-	-
At 31 December 2020	<u>179,558</u>	<u>189,287</u>	<u>1,158,055</u>
NET BOOK VALUE			
At 31 December 2020	<u>1,044,052</u>	<u>304,137</u>	<u>352,066</u>
At 31 December 2019	<u>762,270</u>	<u>314,006</u>	<u>734,064</u>
	Fixtures and fittings £	Motor vehicles £	Totals £
COST			
At 1 January 2020	57,314	17,250	3,298,114
Additions	3,500	-	7,105
Disposals	-	(17,250)	(17,250)
Reclassification/transfer	-	-	-
At 31 December 2020	<u>60,814</u>	<u>-</u>	<u>3,287,969</u>
DEPRECIATION			
At 1 January 2020	50,497	17,250	1,480,957
Charge for year	2,570	-	116,260
Eliminated on disposal	-	(17,250)	(17,250)
At 31 December 2020	<u>53,067</u>	<u>-</u>	<u>1,579,967</u>
NET BOOK VALUE			
At 31 December 2020	<u>7,747</u>	<u>-</u>	<u>1,708,002</u>
At 31 December 2019	<u>6,817</u>	<u>-</u>	<u>1,817,157</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 202011. **FIXED ASSET INVESTMENTS****Company**Shares in
group
undertakings
£**COST**At 1 January 2020
and 31 December 202054,332**NET BOOK VALUE**At 31 December 2020
At 31 December 201954,33254,332

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary**Eco Filters FZCO**

Registered office: Post Box 262319, Warehouse FZSI BE-04, Jabel Ali, South Zone 1, Dubai, United Arab Emirates

Nature of business: Fabrics and fibres for construction trading.

Class of shares:	%
Ordinary	holding 100.00

P F McGowan holds 20% of the issued share capital in trust for the company to comply with Dubai law.

12. **INVESTMENT PROPERTY****Group**Total
£**FAIR VALUE**Additions
At 31 December 20201,049,7941,049,794**NET BOOK VALUE**

At 31 December 2020

1,049,794**Company**Total
£**FAIR VALUE**Additions
At 31 December 20201,049,7941,049,794**NET BOOK VALUE**

At 31 December 2020

1,049,794

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

13. STOCKS

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Raw materials	298,828	355,071	298,828	217,337
Work-in-progress	104,935	160,057	104,935	160,057
Finished goods	170,632	22,033	20,169	22,033
	<u>574,395</u>	<u>537,161</u>	<u>423,932</u>	<u>399,427</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	1,312,584	1,360,686	909,329	944,506
Other debtors	37,305	19,148	13,582	14,982
Prepayments and accrued income	46,539	40,785	31,122	27,522
	<u>1,396,428</u>	<u>1,420,619</u>	<u>954,033</u>	<u>987,010</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	198,660	68,885	198,537	68,794
Tax	104,421	96,519	104,421	96,519
Social security and other taxes	158,107	124,388	158,107	124,388
Other creditors	13,502	6,769	13,502	6,769
Accruals and deferred income	110,975	170,987	85,714	148,938
	<u>585,665</u>	<u>467,548</u>	<u>560,281</u>	<u>445,408</u>

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable	operating leases
	2020	2019
	£	£
Within one year	10,300	8,487
Between one and five years	13,559	5,918
In more than five years	28,495	29,190
	<u>52,354</u>	<u>43,595</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

16. LEASING AGREEMENTS - continued

Company

	Non-cancellable	operating leases
	2020	2019
	£	£
Within one year	10,300	8,487
Between one and five years	13,559	5,918
In more than five years	28,495	29,190
	<u>52,354</u>	<u>43,595</u>

17. SECURED DEBTS

Barclays Bank PLC hold the following charges:

A debenture dated 13 November 1996 over the undertaking and all property and assets.

A legal charge dated 18 November 1996 over the leasehold property forming part of 33A St Peters Street, Nottingham.

A legal charge dated 18 November 1996 over the freehold property forming part of 33A St Peters Street, Nottingham.

A legal charge dated 13 August 2003 over the freehold property on the east side of Deakins Place, Nottingham.

18. PROVISIONS FOR LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Deferred tax	<u>45,340</u>	<u>53,308</u>	<u>45,340</u>	<u>53,308</u>
Group				
				Deferred tax
				£
Balance at 1 January 2020				53,308
Provided during year				(7,968)
Balance at 31 December 2020				<u>45,340</u>
Company				
				Deferred tax
				£
Balance at 1 January 2020				53,308
Provided during year				(7,968)
Balance at 31 December 2020				<u>45,340</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
750	Ordinary	£1	750	750
750	B Ordinary	£1	750	750
			<u>1,500</u>	<u>1,500</u>

Ordinary shares give the holder the right to vote at meetings, to participate in a capital distribution and to receive a dividend.

B Ordinary shares do not give the holder the right to vote at meetings or to participate in a capital distribution. However, they do give the holder the right to receive a dividend.

20. RESERVES**Group**

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2020	5,975,677	250	5,975,927
Profit for the year	1,165,466		1,165,466
Dividends	(600,000)		(600,000)
No description	(47,638)	-	(47,638)
At 31 December 2020	<u>6,493,505</u>	<u>250</u>	<u>6,493,755</u>

Company

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2020	4,825,876	250	4,826,126
Profit for the year	905,181		905,181
Dividends	(600,000)		(600,000)
At 31 December 2020	<u>5,131,057</u>	<u>250</u>	<u>5,131,307</u>

21. PENSION COMMITMENTS

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £42,583 (2019: £29,306) with a creditor outstanding at the year end of £4,716 (2019: £nil).

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**

22. POST BALANCE SHEET EVENTS

After the balance sheet date the company purchased 83 Ordinary and 83 B Ordinary shares from I R Chisholm. The remaining 84 Ordinary shares together with the remaining 84 B Ordinary shares registered in the name of I R Chisholm were reclassified as Deferred A Shares and were also subsequently purchased by the company. The 83 Ordinary shares and 83 B Ordinary shares registered in the joint names of I R Chisholm and M.W. Trustees Limited were reclassified as Deferred B Shares.

23. ULTIMATE CONTROLLING PARTY

The directors control the company by virtue of their controlling interest in the issued share capital, although no one director has individual control of the company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.