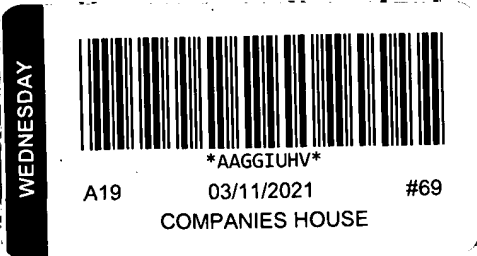


Registration number: 01513175

**Fibrelite Composites Limited**  
**Annual report and Financial Statements**  
for the year ended 31 December 2020



## Fibrelite Composites Limited

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## Company information

<b>Directors</b>	I P Thompson K R Long
<b>Company secretary</b>	A J Preston
<b>Registered office</b>	Unit 2 Snaygill Industrial Estate Keighley Road Skipton North Yorkshire BD23 2QR
<b>Registration number</b>	01513175
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Edinburgh Atria One PwC LLP Atria One 144 Morrison Street Edinburgh EH3 8EX
<b>Bankers</b>	Deutsche Bank 1 Great Winchester Street London EC2N 2DB

## Strategic report

for the year ended 31 December 2020

The directors present their Strategic report for the year ended 31 December 2020.

### Business review and principal activities

The Company's principal activity is the manufacture of high specification fibre and resin composites for products supplied principally to petroleum forecourts. Due to the diverse nature of the product portfolio and the extensive geographical customer base, the business outlook in 2021 is strong and has seen minimal disruption from COVID-19.

Turnover for the year has increased, due to the transfer of production from a group subsidiary with effect from September 2019, by 48.20% (2019: increased by 19.26%) to £22,419,399 (2019: £15,127,456). Profit before taxation for the financial year is £4,678,311 (2019: £3,172,872). Working Capital has increased by £4 million. No dividends have been paid during the year (2019: £nil).

Net assets of the Company at 31 December 2020 are £18,706,836 (2019: £14,803,316).

In light of the current economic climate, we are pleased with this year's results and are confident about next year.

### Key performance indicators

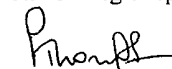
The Company's key financial and other reporting indicators during the year were as follows

	2020	2019
	£	£
Turnover	22,419,399	15,127,456
Earnings before interest and taxation	4,662,927	3,113,588

### Principal risks and uncertainties

The Company's principal risks relate to gains and losses on foreign currency transactions as a result of the Company's exposure to foreign currency exchange rate fluctuations and increases in raw material prices. The exchange rate risks are mitigated by the use of bank accounts denominated in each currency and the use of forward currency contracts at group level. Raw material prices are subject to ongoing review by the Directors. Management continues to monitor business conditions in light of commercial uncertainties caused by the COVID-19 pandemic and foresee minimal downside to the trading environment.

The Strategic report was approved by the Board on 15 October 2021 and signed on its behalf by:



.....  
I P Thompson  
Director

## **Directors' report**

### **for the year ended 31 December 2020**

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2020.

#### **Directors**

The directors who served the Company during the year and up to the date of Financial statements being approved, unless otherwise stated, were as follows:

I P Thompson

K R Long

#### **Dividends**

The Company paid a dividend of £nil (2019: £nil) during the year.

The directors do not recommend payment of a final dividend.

#### **Future developments**

The external commercial environment is expected to remain competitive during 2021; however, the directors are confident that the business outlook is positive. Consideration of the results of the period, KPI's and principal risks and uncertainties are included in the strategic report.

#### **Going Concern**

The directors have performed a going concern assessment, comprising a review of the Company's financial position, future operations and forecasts for a period of at least 12 months from the date of approval of the financial statements, which demonstrate that the Company will be in a position to meet its liabilities as they fall due. On this basis the directors consider it appropriate to prepare financial statements on a going concern basis. The Company meets its day-to-day working capital requirements through access to funds as part of the European cash pooling arrangement that is administered through Dover Luxembourg Participations SARL (DLP), a fellow group company, which acts as an internal bank for Fibrelite Composites Limited. The Company has access to unrestricted funds as part of the contractual cash pooling terms and conditions and either party has the right to withdraw from the agreement by giving 30 days notice. Under the cash pooling arrangements, there is no cash held by the Company - all balances are 'swept' to DLP at the end of each business day. The Company therefore is dependent on the DLP cash pooling arrangements for access to the cash flows necessary for the day-to-day running of the Company and to support the going concern assertion. The Company has received confirmation that DLP will not withdraw the facility in the foreseeable future and for a period of at least 12 months from the date of signing of financial statements. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company is expected to be cash generative, and should be expected to be a net depositor into, rather than borrower from, the DLP European cash pooling facility.

## Directors' report

for the year ended 31 December 2020 (continued)

### COVID-19 Impact

COVID-19 was an event not foreseen as the business moved into 2020. However, the reaction to the implications of the virus moving from Asia to Europe was swift by the Fibrelite management. The focus in Q1-20 was to ensure all staff were safe and government guidance was followed as the business was classified as 'essential'. This included reviews and updates of our working practices and risk assessments to ensure social distancing measures could be put in place for both our site-based technicians and office based staff. During this period, we successfully and swiftly transferred all office-based staff to home working. With a strong customer base, backlog, and seamless continuation of business as usual during Q1-21, Fibrelite is well placed to deal with the impact of COVID-19.

### United Kingdom exit from the European Union

On 23 June 2016, the UK held a referendum on the UK's continuing membership of the EU, the outcome of which was a decision for the UK to leave the EU (Brexit). As a result, the UK left the EU on 31 January 2020. Considering the transition period for Brexit negotiation completed on 26 December 2020, there has been minimal impact to the Company operationally; administrative tasks are necessary but have not impacted productivity and supply.

### Financial risk management

The business is exposed to a number of financial risks. The key risks and associated mitigating factors are laid out below.

#### *Credit Risk:*

The Company's credit risk stems primarily from trade debtors. Dedicated credit control resource is focused on continual review and active management to mitigate such risk.

#### *Foreign exchange risk:*

The Company is exposed to foreign currency exchange rate fluctuations between sterling and other currencies, primarily the Euro and the US Dollar. Given the vote on 23 June 2016 for the UK to leave the EU the Company has experienced increased volatility in exchange rates, however, these exchange rate risks are mitigated by the use of bank accounts denominated in each currency and the use of forward currency contracts at group level.

#### *Liquidity risk:*

The Company actively manages its liquidity risk by ensuring the Company has sufficient available funds for operations.

### Directors' third party indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

## **Directors' report**

**for the year ended 31 December 2020 (continued)**

### **Statement on disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:


- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

### **Reappointment of independent auditors**

In accordance with Section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for re-appointment of PricewaterhouseCoopers LLP as independent auditor of the Company.

This report was approved by the Board on 15 October 2021 and signed on its behalf by:



.....  
I P Thompson  
Director

## Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

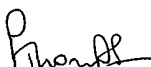
Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

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.

This report was approved by the Board on 15 October 2021 and signed on its behalf by:



.....  
I P Thompson  
Director

## **Independent auditors' report to the members of Fibrelite Composites Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Fibrelite Composites Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2020; the Profit and loss account and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

## **Independent auditors' report to the members of Fibrelite Composites Limited (continued)**

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

## Independent auditors' report to the members of Fibrelite Composites Limited (continued)

### Responsibilities for the financial statements and the audit (Continued)

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

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment laws, UK tax regulations and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manual journal entries aimed at increasing revenue or reducing expenditure within the financial statements. Audit procedures performed by the engagement team included:

- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- evaluation of management's internal controls designed to prevent and detect irregularities;
- challenging assumptions and judgements made by management in its accounting estimates;
- review and audit of manual journal entries with particular focus on unusual account combinations within revenue and expenditure.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Independent auditors' report to the members of Fibrelite Composites Limited (continued)

### Other required reporting

#### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



.....  
Sarah Allen (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP,  
Chartered Accountants and Statutory Auditors  
Edinburgh  
Glasgow

18  
Date: ● October 2021

**Profit and loss account**  
for the year ended 31 December 2020

	<i>Note</i>	<i>2020</i> £	<i>2019</i> £
<b>Turnover</b>	4	22,419,399	15,127,456
Cost of sales		<u>(13,820,959)</u>	<u>(8,797,982)</u>
<b>Gross profit</b>		<b>8,598,440</b>	<b>6,329,474</b>
Distribution costs		(665,717)	(452,476)
Administrative expenses		<u>(3,269,796)</u>	<u>(2,763,410)</u>
<b>Operating profit</b>	5	<b>4,662,927</b>	<b>3,113,588</b>
Interest receivable and similar income	6	<u>15,384</u>	<u>59,284</u>
<b>Profit before taxation</b>		<b>4,678,311</b>	<b>3,172,872</b>
Tax on profit	9	<u>(774,791)</u>	<u>(146,178)</u>
<b>Profit for the financial year</b>		<u><b>3,903,520</b></u>	<u><b>3,026,694</b></u>

All activities of the Company are from continuing operations.

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement above.

No separate statement of comprehensive income has been presented because the Company has no other comprehensive income other than profit for the financial year.

FibreLite Composites Limited

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## Balance sheet

as at 31 December 2020

Registration number: 01513175

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	10	<u>1,737,089</u>	<u>1,880,871</u>
<b>Current assets</b>			
Stocks	11	1,451,511	1,220,153
Debtors	12	18,461,003	14,431,700
Cash at bank and in hand		<u>11,173</u>	<u>42,286</u>
		19,923,687	15,694,139
Creditors: amounts falling due within one year	13	<u>(2,953,940)</u>	<u>(2,771,694)</u>
<b>Net current assets</b>		<u>16,969,747</u>	<u>12,922,445</u>
<b>Total assets less current liabilities</b>		<u>18,706,836</u>	<u>14,803,316</u>
<b>Net assets</b>		<u>18,706,836</u>	<u>14,803,316</u>
<b>Capital and reserves</b>			
Called up share capital	15	100	100
Capital contribution reserve	16	878,949	878,949
Retained earnings		<u>17,827,787</u>	<u>13,924,267</u>
<b>Total shareholders' funds</b>		<u>18,706,836</u>	<u>14,803,316</u>

The financial statements on pages 11 to 29 were approved and authorised by the board of directors on 15 October 2021 and signed on its behalf by:



.....  
I P Thompson  
Director

The notes on pages 14 to 29 form an integral part of these financial statements.

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**Statement of changes in equity**  
for the year ended 31 December 2020

	<i>Called up share capital</i> £	<i>Capital contribution reserve</i> £	<i>Retained earnings</i> £	<i>Total shareholders' funds</i> £
At 1 January 2019	100	878,949	10,897,573	11,776,622
Profit for the financial year	-	-	3,026,694	3,026,694
At 31 December 2019	<u>100</u>	<u>878,949</u>	<u>13,924,267</u>	<u>14,803,316</u>
At 1 January 2020	100	878,949	13,924,267	14,803,316
Profit for the financial year	-	-	3,903,520	3,903,520
At 31 December 2020	<u><u>100</u></u>	<u><u>878,949</u></u>	<u><u>17,827,787</u></u>	<u><u>18,706,836</u></u>

The notes on pages 14 to 29 form an integral part of these financial statements.

## Notes to the financial statements

for the year ended 31 December 2020

### 1 General information

Fibrelite Composites Limited is a private company, limited by shares, and is incorporated in England. The Company's registered number and registered office address can be found on the Company information page.

The principal activities of the Company are described in the Strategic report on page 2.

### 2 Accounting policies

#### **Statement of compliance**

The individual financial statements of Fibrelite Composites Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The financial statements have been prepared in sterling, which is the functional and presentational currency of the Company.

#### **Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The Company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) the requirements of Section 4 Statement of Financial Position paragraph 4.12 (a)(iv) regarding a reconciliation of the number of shares outstanding at the beginning and at the end of the period.
- (b) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17 (d).

## Notes to the financial statements

for the year ended 31 December 2020 (continued)

### 2 Accounting policies (continued)

#### *Exemptions for qualifying entities under FRS 102 (continued)*

- (c) the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A and Section 12 Other Financial Instruments Issues paragraphs 12.26 to 12.29.
- (d) the requirement of Section 33 Related Party Disclosures paragraph 33.7.

#### *Going Concern*

The directors have performed a going concern assessment, comprising a review of the Company's financial position, future operations and forecasts for a period of at least 12 months from the date of approval of the financial statements, which demonstrate that the Company will be in a position to meet its liabilities as they fall due. On this basis the directors consider it appropriate to prepare financial statements on a going concern basis. The Company meets its day-to-day working capital requirements through access to funds as part of the European cash pooling arrangement that is administered through Dover Luxembourg Participations SARL (DLP), a fellow group company, which acts as an internal bank for Fibrelite Composites Limited. The Company has access to unrestricted funds as part of the contractual cash pooling terms and conditions and either party has the right to withdraw from the agreement by giving 30 days notice. Under the cash pooling arrangements, there is no cash held by the Company - all balances are 'swept' to DLP at the end of each business day. The Company therefore is dependent on the DLP cash pooling arrangements for access to the cash flows necessary for the day-to-day running of the Company and to support the going concern assertion. The Company has received confirmation that DLP will not withdraw the facility in the foreseeable future and for a period of at least 12 months from the date of signing of financial statements. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company is expected to be cash generative, and should be expected to be a net depositor into, rather than borrower from, the DLP European cash pooling facility.

#### *Impairment of non-financial assets*

Where there are indicators of impairment of individual assets, the Company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet permitted to or significant future investments that will enhance the asset's performance of the cash generating unit being tested.

#### *Financial instruments*

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

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

## Notes to the financial statements

for the year ended 31 December 2020 (continued)

### 2 Accounting policies (continued)

#### **Financial Assets**

##### *Initial Recognition and measurement*

The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the Profit and loss account. The losses arising from impairment are recognised in the Profit and loss account in other operating expenses.

##### *Derecognition of financial assets*

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass through” arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

##### *Impairment of financial assets*

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, with the amount of the loss recognised in administration costs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the Profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

#### **Financial liabilities**

##### *Initial Recognition and measurement*

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 2 Accounting policies (continued)

#### **Financial liabilities (continued)**

##### *Derecognition of financial liabilities*

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in Profit and loss account.

##### *Offsetting*

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

#### **Foreign currency translation**

The Company's functional and presentational currency is the pound sterling. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the Balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to Profit and loss account.

#### **Turnover**

Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding VAT and other sales taxes or duty. The following criteria must also be met before turnover is recognised:

##### *Sale of goods*

The Company's turnover is generated through the manufacture and sale of a broad range of specialised products and components, with revenue recognised upon transfer of title and risk of loss, which is generally upon shipment.

##### *Interest income*

Interest income is recognised as interest accrues using the effective interest method.

#### **Tangible assets and depreciation**

Tangible assets are stated at cost or valuation net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings	-	2% straight line
Plant and equipment	-	12.5% - 50% straight line

Construction in progress is not depreciated.

## Notes to the financial statements

for the year ended 31 December 2020 (continued)

### 2 Accounting policies (continued)

#### **Stock**

Stock is valued at the lower of cost and net realisable value, after making allowances 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.

#### **Pensions**

The Company operates a defined contribution pension scheme. Contributions are charged to the Profit and loss account in the year to which they relate. Differences between contributions paid and amounts payable are held as either accruals or prepayments in the Balance sheet.

#### **Operating leases**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Profit and loss account on a straight-line basis over the period of the lease.

#### **Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, 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*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

## **Notes to the financial statements**

**for the year ended 31 December 2020 (continued)**

### **2 Accounting policies (continued)**

#### ***Taxation (continued)***

##### *Deferred taxation (continued)*

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance sheet date. Deferred tax is measured on an undiscounted basis.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9.

#### ***Cash and cash equivalents***

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

#### ***Provisions***

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### **3 Judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the Balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. No significant accounting estimates have been identified by the company.

#### ***Inventory provisioning***

The Company makes an estimate of the recoverability of the cost of the inventory net of the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of inventory, as well as applying assumptions around the future usage of raw materials. See note 11 for the carrying amount of inventory net of any associated provision.

#### ***Impairment of debtors***

The Company makes an estimate of the recoverable value of amounts owed by group undertakings and other debtors. When assessing impairment of group and other debtors management considers factors including the aging profile of debtors and historical experience. See note 12 for the carrying amount of debtors net of any associated impairment provision.

## Notes to the financial statements

for the year ended 31 December 2020 (continued)

### 4 Turnover

Turnover is derived entirely from the Company's principal activity undertaken in the United Kingdom. An analysis of turnover by classification and destination is as follows:

	2020 £	2019 £
Sale of goods	<u>22,419,399</u>	<u>15,127,456</u>

#### Turnover by Market :

	2020 £	2019 £
United Kingdom	4,667,098	3,669,058
Europe (excluding the UK)	7,775,153	5,476,322
Asia	1,446,818	784,315
North America	923,580	795,101
Rest of the World	<u>7,606,750</u>	<u>4,402,660</u>
	<u>22,419,399</u>	<u>15,127,456</u>

### 5 Operating profit

Operating profit is stated after charging:

	2020 £	2019 £
Inventory recognised as an expense	8,545,797	5,510,749
Other operating lease rentals	28,163	7,855
Fees payable to the Company's auditors for the audit of the Company's financial statements	36,000	29,600
Foreign exchange losses	53,150	56,017
Loss on disposal of tangible assets	-	7,948
Depreciation on owned tangible assets	<u>448,858</u>	<u>327,904</u>

**Notes to the financial statements**  
for the year ended 31 December 2020 (continued)

**6 Interest receivable and similar income**

	2020 £	2019 £
Interest receivable from group companies	<u>15,384</u>	<u>59,284</u>

**7 Staff costs**

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

	2020 No.	2019 No.
Manufacturing	92	87
Administration	<u>23</u>	<u>18</u>
	<u>115</u>	<u>105</u>

	2020 £	2019 £
<b>Staff costs for the above persons</b>		
Wages and salaries	4,035,917	2,952,295
Social security costs	412,042	286,185
Other pension costs (note 18)	<u>149,968</u>	<u>121,407</u>
	<u>4,597,927</u>	<u>3,359,887</u>

Included in wages and salaries above are costs capitalised of £26,212 (2019: £40,906).

## Notes to the financial statements

for the year ended 31 December 2020 (continued)

### 8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020 £	2019 £
Aggregate emoluments	171,782	161,909
Company contributions to defined contribution pension scheme	<u>21,288</u>	<u>20,768</u>
	<u>193,070</u>	<u>182,677</u>

Highest paid director's emoluments were as follows:

	2020 £	2019 £
Aggregate emoluments	171,782	161,909
Company contributions to defined contribution pension scheme	<u>21,288</u>	<u>20,768</u>

Retirement benefits are accruing to one (2019: one) of the directors under a defined contribution pension scheme.

One director received remuneration from this Company only. The other directors received no remuneration from this Company and it is not possible to apportion their remuneration as they work across multiple entities within the group.

**Notes to the financial statements**  
for the year ended 31 December 2020 (continued)

**9 Tax on profit**

(a) Analysis of tax charge in the year

	2020 £	2019 £
<b>Current taxation</b>		
UK corporation tax charge on profit for the financial year	936,445	614,920
Adjustments in respect of prior years	<u>(140,850)</u>	<u>(469,379)</u>
Total current tax charge	<u>795,595</u>	<u>145,541</u>
<b>Deferred taxation</b>		
Origination and reversal of timing differences	(18,242)	712
Effect of changes in tax rate	(3,756)	(75)
Adjustments in respect of prior years	<u>1,194</u>	<u>-</u>
Total deferred tax (credit)/charge	<u>(20,804)</u>	<u>637</u>
<b>Tax charge on profit</b>	<u><u>774,791</u></u>	<u><u>146,178</u></u>

## Notes to the financial statements

for the year ended 31 December 2020 (continued)

### 9 Tax on profit (continued)

#### (b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (2019: lower) than the standard rate of corporation tax in the UK 19.00% (2019: 19.00%). The differences are explained below.

	2020 £	2019 £
Profit before taxation	<u>4,678,311</u>	<u>3,172,872</u>
Profit before taxation multiplied by the standard rate of corporation tax of 19.00% (2019: 19.00%)	888,879	602,846
<b>Effect of:</b>		
Expense not deductible for tax purposes	29,324	12,786
Effect of changes in tax rate	(3,756)	(75)
Adjustments in respect of prior years	<u>(139,656)</u>	<u>(469,379)</u>
Total tax charge	<u>774,791</u>	<u>146,178</u>

#### Factors that may affect the future tax charge

In the budget of 8 July 2015, the Chancellor of the Exchequer announced a reduction in the corporation tax rate to 19% for the Financial Year beginning 1 April 2017. The Finance Act 2016 then reduced the main rate of corporation tax to 17% from 1 April 2020 and was enacted on 15 September 2016. This was later cancelled in the budget on 11 March 2020 which confirmed that the UK corporation tax rate would remain at 19% from 1 April 2020.

Within the Spring Budget on 3 March 2021 the Chancellor of the Exchequer announced a planned increase in the rate of corporation tax to 25% from April 2023. Businesses with profits of £50,000 or less will continue to be taxed at 19% with the return of a small profits rate. A taper for profits above £50,000 will be introduced so that only businesses with profits greater than £250,000 will be taxed at the full 25% rate. The announced rate change is not expected to be enacted until later in 2021.

As at the balance sheet date the expected future rate of corporation tax was 19%, and as such deferred tax continues to be recognised at 19% in the attached calculations.

**Notes to the financial statements**  
for the year ended 31 December 2020 (continued)

**10 Tangible assets**

	<i>Land and buildings</i> £	<i>Plant and equipment</i> £	<i>Construction in progress</i> £	<i>Total</i> £
<b>Cost or valuation</b>				
At 1 January 2020	1,086,467	3,095,825	67,937	4,250,229
Additions	<u>85,236</u>	<u>211,223</u>	<u>8,617</u>	<u>305,076</u>
At 31 December 2020	<u>1,171,703</u>	<u>3,307,048</u>	<u>76,554</u>	<u>4,555,305</u>
<b>Accumulated depreciation</b>				
At 1 January 2020	635,155	1,734,203	-	2,369,358
Charge for the year	<u>58,307</u>	<u>390,551</u>	<u>-</u>	<u>448,858</u>
At 31 December 2020	<u>693,462</u>	<u>2,124,754</u>	<u>-</u>	<u>2,818,216</u>
<b>Carrying amount</b>				
At 31 December 2020	<u><u>478,241</u></u>	<u><u>1,182,294</u></u>	<u><u>76,554</u></u>	<u><u>1,737,089</u></u>
At 31 December 2019	<u><u>451,312</u></u>	<u><u>1,361,622</u></u>	<u><u>67,937</u></u>	<u><u>1,880,871</u></u>

Land and buildings includes land at a cost of £250,000 (2019: £250,000) which is not depreciated.

## Notes to the financial statements

for the year ended 31 December 2020 (continued)

### 11 Stocks

	2020 £	2019 £
Raw materials and consumables	324,112	264,804
Finished goods and goods for resale	<u>1,127,399</u>	<u>955,349</u>
	<u>1,451,511</u>	<u>1,220,153</u>

There is no significant difference between the replacement of cost of stocks and their carrying amounts.

### 12 Debtors

	2020 £	2019 £
	<i>Note</i>	
<b>Amounts falling due within one year</b>		
Trade debtors	5,281,510	4,711,776
Amounts owed by group undertakings	12,808,783	9,353,693
Other debtors	19,696	122,716
Prepayments and accrued income	<u>297,089</u>	<u>210,394</u>
	18,407,078	14,398,579
<b>Amounts falling due after more than one year</b>		
Deferred tax assets	<u>53,925</u>	<u>33,121</u>
	<u>18,461,003</u>	<u>14,431,700</u>

The amounts owed by group undertakings include a cash pooling facility and loan with a group undertaking. The cash pooling facility is interest bearing (3 month GBP Libor Rate) and has no fixed date of repayment. Interest receivable on this facility for the year ended 31 December 2020 was £15,384 (2019: £59,284 ).

**Notes to the financial statements**  
for the year ended 31 December 2020 (continued)

**13 Creditors: amounts falling due within one year**

	2020 £	2019 £
<i>Amounts falling due within one year</i>		
Trade creditors	1,205,328	859,989
Corporation tax	936,445	140,850
Amounts owed to group undertakings	-	702,009
Accruals and deferred income	812,167	1,068,846
	<u>2,953,940</u>	<u>2,771,694</u>

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

**14 Deferred tax**

	2020 £	2019 £
At 1 January	33,121	33,758
Credited/(charged) to the profit and loss account	20,804	(637)
At 31 December	<u>53,925</u>	<u>33,121</u>

The deferred tax asset at the year end comprises amounts provided in respect of:

	2020 £	2019 £
Accelerated capital allowances	-	33,121
Other timing differences	53,925	-
Total asset	<u>53,925</u>	<u>33,121</u>

**Notes to the financial statements**  
for the year ended 31 December 2020 (continued)

**15 Called up share capital**

*Allotted and fully paid*

	2020		2019	
	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

**16 Capital contribution reserve**

The capital contribution reserve relates to an amount received from the ultimate parent following its acquisition of the Company in October 2013.

**17 Operating lease obligations**

At 31 December 2020 the Company had future minimum rentals under non-cancellable operating leases as follows:

**Office Equipment**

	2020	2019
	<i>£</i>	<i>£</i>
Not later than one year	1,190	1,036
Later than one year and not later than five years	<u>2,677</u>	<u>-</u>
	<u>3,867</u>	<u>1,036</u>

## Notes to the financial statements

for the year ended 31 December 2020 (continued)

### 17 Operating lease obligations (continued)

#### Motor Vehicles

	2020	2019
	£	£
Not later than one year	22,572	6,823
Later than one year but not later than five years	<u>13,206</u>	<u>5,310</u>
	<u><u>35,778</u></u>	<u><u>12,133</u></u>

### 18 Pension commitments

The Company operates a defined contribution pension scheme, the assets of which are held separately from those of the Company in an independently administered fund.

The pension cost contributions charged during the year relating to the defined contribution scheme amounted to £149,968 (2019: £121,407). There were no contributions prepaid or accrued at the year end (2019: £nil).

### 19 Ultimate parent undertaking and controlling party

The Company is a wholly owned subsidiary of Fibresec Holdings Limited, a company incorporated in England and Wales. The directors consider the Dover Corporation, incorporated in the US to be the ultimate parent undertaking and ultimate controlling party.

Dover Corporation is the smallest and largest group for which consolidated financial statements are prepared. The Company is included in the consolidated financial statements of Dover Corporation which are publicly available.

Consequently, the Company has taken advantage of the exemption, under the terms of paragraph 33.1A of FRS102 from disclosing related party transactions with wholly-owned subsidiaries of the Dover Corporation group. Copies of the financial statements of Dover Corporation can be obtained by writing to Dover Corporation, 3005 Highland Parkway, Suite 200, Downers Grove, IL 60515, United States of America.