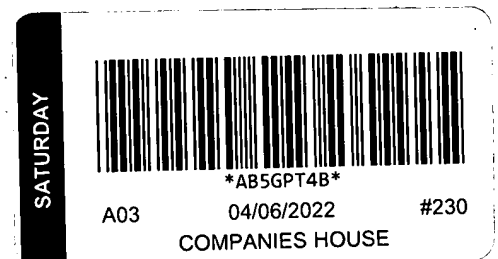


Registration number: 01513175

Fibrelite Composites Limited
Annual report and Financial Statements
for the year ended 31 December 2021



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Company information

Directors	I P Thompson K R Long
Company secretary	A J Preston
Registered office	Unit 2 Snaygill Industrial Estate, Keighley Road, Skipton, North Yorkshire, BD23 2QR
Registration number	01513175
Independent auditors	Mazars LLP Chartered Accountants and Statutory Auditors One St Peter's Square Manchester M2 3DE
Bankers	Deutsche Bank 1 Great Winchester Street London EC2N 2DB

Strategic report

for the year ended 31 December 2021

The directors present their Strategic report for the year ended 31 December 2021.

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 2022 is strong and has seen minimal disruption from COVID-19.

Turnover for the year has decreased by 0.33% (2020: increased by 48.20%) to £22,345,297 (2020: £22,419,399). Profit before taxation for the financial year is £5,046,531 (2020: £4,678,311). Working Capital has increased by £5 million. No dividends have been paid during the year (2020: £nil).

Net assets of the Company at 31 December 2021 are £23,677,384 (2020: £18,706,836).

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

Key performance indicators

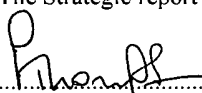
The Company's key financial and other reporting indicators during the year were as follows

	2021	2020
	£	£
Turnover	22,345,297	22,419,399
Earnings before interest and taxation	5,043,537	4,662,927

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 downsize to the trading environment.

The Strategic report was approved by the Board of directors on 31 May 2022 and signed on its behalf by:


.....
I P Thompson
Director

Directors' report

for the year ended 31 December 2021

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2021.

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 (2020: £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 2022; 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 Ltd. 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.

COVID-19 impact

COVID-19 continued throughout 2021, however, the business continued to ensure all staff were safe and government guidance was followed. This included reviews and updates of our working practices and risk assessments to ensure social distancing measures were in place for both our site-based technicians and office based staff. All office-based staff continued to work from home and customer demand remained strong, ensuring a seamless continuation of business as usual throughout the year.

Post balance sheet events

There were no post balance sheet events after the reporting date.

Directors' report

for the year ended 31 December 2021 (continued)

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' indemnities

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.

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.

Independent auditors

During the year, the Company appointed Mazars LLP as independent auditors, a resolution is to be proposed at the Annual General Meeting for their re-appointment as independent auditor of the Company.

This report was approved by the Board of directors on 31 May 2022 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).

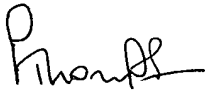
Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- 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 31 May 2022 and signed on its behalf by:



.....
I P Thompson
Director

Independent auditor's report to the members of Fibrelite Composites Limited

Opinion

We have audited the financial statements of Fibrelite Composites Limited (the 'Company') for the year ended 31 December 2021 which comprise the Profit and Loss Account, the Balance Sheet and the Statement of Changes in Equity and the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Directors' annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

Independent auditor's report to the members of Fibrelite Composites Limited (continued)

Other information (continued)

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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 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.

Auditor's 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 auditor's 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 the financial statements.

Independent auditor's report to the members of Fibrelite Composites Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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

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.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements employment regulation, health and safety regulation, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to, revenue recognition (which we pinpointed to the cut off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 auditor's report.

Independent auditor's report to the members of Fibrelite Composites Limited (continued)

Use of the audit 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 an auditor's report 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.

Neil Barton

Neil Barton (Senior Statutory Auditor)
For and on behalf of Mazars LLP,
Chartered Accountants and Statutory Auditors
One St Peter's Square
Manchester
M2 3DE

Date: 31 May 2022

Profit and loss account
for the year ended 31 December 2021

	<i>Note</i>	<i>2021</i> £	<i>2020</i> £
Turnover	4	22,345,297	22,419,399
Cost of sales		<u>(13,131,557)</u>	<u>(13,820,959)</u>
Gross profit		9,213,740	8,598,440
Distribution costs		(705,462)	(665,717)
Administrative expenses		<u>(3,464,741)</u>	<u>(3,269,796)</u>
Operating profit	5	5,043,537	4,662,927
Interest receivable and similar income	6	<u>2,994</u>	<u>15,384</u>
Profit before taxation		5,046,531	4,678,311
Tax on profit	9	<u>(75,983)</u>	<u>(774,791)</u>
Profit for the financial year		<u>4,970,548</u>	<u>3,903,520</u>

All activities of the Company are from continuing operations.

There were no recognised gains and losses for 2021 or 2020 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.

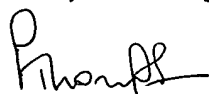
Balance sheet

as at 31 December 2021

Registration number: 01513175

	<i>Note</i>	<i>2021</i> £	<i>2020</i> £
Fixed assets			
Tangible assets	10	<u>1,964,484</u>	<u>1,737,089</u>
Current assets			
Stocks	11	1,858,546	1,451,511
Debtors	12	22,637,565	18,461,003
Cash at bank and in hand		<u>24,913</u>	<u>11,173</u>
		24,521,024	19,923,687
Creditors: amounts falling due within one year	13	<u>(2,808,124)</u>	<u>(2,953,940)</u>
Net current assets		<u>21,712,900</u>	<u>16,969,747</u>
Total assets less current liabilities		<u>23,677,384</u>	<u>18,706,836</u>
Net assets		<u>23,677,384</u>	<u>18,706,836</u>
Capital and reserves			
Called up share capital	15	100	100
Capital contribution reserve	16	878,949	878,949
Retained earnings		<u>22,798,335</u>	<u>17,827,787</u>
Total shareholders' funds		<u>23,677,384</u>	<u>18,706,836</u>

The financial statements on pages 10 to 28 were approved and authorised by the Board of directors on 31 May 2022 and signed on its behalf by:



.....
I P Thompson
Director

The notes on pages 13 to 28 form an integral part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2021

	<i>Called up share capital</i> £	<i>Capital contribution reserve</i> £	<i>Retained earnings</i> £	<i>Total shareholders' funds</i> £
At 1 January 2020	100	878,949	13,924,267	14,803,316
Profit for the financial year	<u>-</u>	<u>-</u>	<u>3,903,520</u>	<u>3,903,520</u>
At 31 December 2020	<u>100</u>	<u>878,949</u>	<u>17,827,787</u>	<u>18,706,836</u>
At 1 January 2021	100	878,949	17,827,787	18,706,836
Profit for the financial year	<u>-</u>	<u>-</u>	<u>4,970,548</u>	<u>4,970,548</u>
At 31 December 2021	<u><u>100</u></u>	<u><u>878,949</u></u>	<u><u>22,798,335</u></u>	<u><u>23,677,384</u></u>

The notes on pages 13 to 28 form an integral part of these financial statements.

Notes to the financial statements

for the year ended 31 December 2021

1 General information

Fibrelite Composites Limited is a private company, limited by shares, and is incorporated and domiciled 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 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17 (d).
- (b) 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.
- (c) the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Notes to the financial statements

for the year ended 31 December 2021 (continued)

2 Accounting policies (continued)

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 Ltd. 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 2021 (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 2021 (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 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% - 20% straight line
Plant and equipment	-	20% - 33% straight line.

Construction in progress is not depreciated.

Notes to the financial statements

for the year ended 31 December 2021 (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 2021 (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.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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 2021 (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:

	2021 £	2020 £
Sale of goods	<u>22,345,297</u>	<u>22,419,399</u>

Turnover by Market :

	2021 £	2020 £
United Kingdom	6,523,480	4,667,098
Europe	8,400,094	7,775,153
Asia	803,990	1,446,818
North America	1,183,810	923,580
Rest of the World	<u>5,433,923</u>	<u>7,606,750</u>
	<u>22,345,297</u>	<u>22,419,399</u>

5 Operating profit

Operating profit is stated after charging/(crediting):

	2021 £	2020 £
Inventory recognised as an expense	8,113,312	8,545,797
Other operating lease rentals	79,774	28,163
Fees payable to the Company's auditors for the audit of the Company's financial statements	30,000	36,000
Foreign exchange (gains)/losses	(41,811)	53,150
Gain on disposal of tangible assets	(625)	-
Depreciation on owned tangible assets	<u>532,192</u>	<u>448,858</u>

Notes to the financial statements
for the year ended 31 December 2021 (continued)

6 Interest receivable and similar income

	<i>2021</i>	<i>2020</i>
	<i>£</i>	<i>£</i>
Interest receivable from group companies	<u>2,994</u>	<u>15,384</u>

7 Staff costs

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

	<i>2021</i>	<i>2020</i>
	<i>No.</i>	<i>No.</i>
Manufacturing	98	92
Administration	<u>22</u>	<u>23</u>
	<u>120</u>	<u>115</u>

	<i>2021</i>	<i>2020</i>
	<i>£</i>	<i>£</i>
Staff costs for the above persons		
Wages and salaries	4,458,466	4,035,917
Social security costs	495,566	412,042
Other pension costs (note 18)	<u>175,535</u>	<u>149,968</u>
	<u>5,129,567</u>	<u>4,597,927</u>

Included in wages and salaries above are costs capitalised of £nil (2020: £26,212).

Notes to the financial statements

for the year ended 31 December 2021 (continued)

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	<i>2021</i>	<i>2020</i>
	<i>£</i>	<i>£</i>
Aggregate emoluments	218,783	171,782
Company contributions to defined contribution pension scheme	<u>21,371</u>	<u>21,288</u>
	<u>240,154</u>	<u>193,070</u>

Highest paid director's emoluments were as follows:

	<i>2021</i>	<i>2020</i>
	<i>£</i>	<i>£</i>
Aggregate emoluments	218,783	171,782
Company contributions to defined contribution pension scheme	<u>21,371</u>	<u>21,288</u>

Retirement benefits are accruing to one (2020: 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 2021 (continued)

9 Tax on profit

(a) Analysis of tax charge in the year

	2021 £	2020 £
Current taxation		
UK corporation tax charge on profit for the financial year	870,507	936,445
Adjustments in respect of prior years	<u>(936,445)</u>	<u>(140,850)</u>
Total current tax (credit)/charge	<u>(65,938)</u>	<u>795,595</u>
Deferred taxation		
Origination and reversal of timing differences	85,609	(18,242)
Adjustments in respect of prior years	35,193	1,194
Effect of changes in tax rate	<u>21,119</u>	<u>(3,756)</u>
Total deferred tax credit	<u>141,921</u>	<u>(20,804)</u>
Tax charge on profit	<u><u>75,983</u></u>	<u><u>774,791</u></u>

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK 19.00% (2020: 19.00%). The differences are explained below.

	2021 £	2020 £
Profit before taxation	<u>5,046,531</u>	<u>4,678,311</u>
Profit before taxation multiplied by the standard rate of corporation tax of 19.00% (2020: 19.00%)	958,841	888,879
Effect of:		
Expense not deductible for tax purposes	33,293	29,324
Income not taxable	(34,129)	-
Effects of group relief/ other reliefs	(1,889)	-
Adjustments in respect of prior years	(901,252)	(139,656)
Effect of changes in tax rate	<u>21,119</u>	<u>(3,756)</u>
Total tax charge	<u><u>75,983</u></u>	<u><u>774,791</u></u>

Notes to the financial statements

for the year ended 31 December 2021 (continued)

9 Tax on profit (continued)

Factors that may affect the future tax charge

In the Spring Budget 2020, the government announced that from 1st April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17th March 2020.

In the Budget 2021, the government announced that the rate of Corporation Tax will increase to 25% from 1 April 2023 for businesses with profits of £250,000 or more. The rate will remain at 19% until that date. This new law was substantively enacted in May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

10 Tangible assets

	<i>Land and buildings</i> £	<i>Plant and equipment</i> £	<i>Construction in progress</i> £	<i>Total</i> £
Cost or valuation				
At 1 January 2021	1,171,703	3,307,048	76,554	4,555,305
Additions	16,191	766,217	-	782,408
Disposals	-	(20,462)	(22,821)	(43,283)
At 31 December 2021	<u>1,187,894</u>	<u>4,052,803</u>	<u>53,733</u>	<u>5,294,430</u>
Accumulated depreciation				
At 1 January 2021	693,462	2,124,754	-	2,818,216
Charge for the year	71,464	460,728	-	532,192
Eliminated on disposal	-	(20,462)	-	(20,462)
At 31 December 2021	<u>764,926</u>	<u>2,565,020</u>	<u>-</u>	<u>3,329,946</u>
Carrying amount				
At 31 December 2021	<u>422,968</u>	<u>1,487,783</u>	<u>53,733</u>	<u>1,964,484</u>
At 31 December 2020	<u>478,241</u>	<u>1,182,294</u>	<u>76,554</u>	<u>1,737,089</u>

Land and buildings includes land at a cost of £250,000 (2020: £250,000) which is not depreciated.

Notes to the financial statements
for the year ended 31 December 2021 (continued)

11 Stocks

	2021 £	2020 £
Raw materials and consumables	370,016	324,112
Finished goods and goods for resale	<u>1,488,530</u>	<u>1,127,399</u>
	<u>1,858,546</u>	<u>1,451,511</u>

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

12 Debtors

	2021 £	2020 £
Amounts falling due within one year		
Trade debtors	3,463,086	5,281,510
Amounts owed by group undertakings	18,835,071	12,808,783
Other debtors	122,651	19,696
Prepayments and accrued income	<u>216,757</u>	<u>297,089</u>
	22,637,565	18,407,078
Amounts falling due after more than one year		
Deferred tax assets	14 -	<u>53,925</u>
	<u>22,637,565</u>	<u>18,461,003</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 2021 was £2,994 (2020: £15,384).

Notes to the financial statements

for the year ended 31 December 2021 (continued)

13 Creditors: amounts falling due within one year

	2021 £	2020 £
Amounts falling due within one year		
Trade creditors	849,511	1,205,328
Corporation tax	870,507	936,445
Amounts owed to group undertakings	320,404	-
Accruals and deferred income	679,706	812,167
Deferred tax liability	87,996	-
	<u>2,808,124</u>	<u>2,953,940</u>

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

14 Deferred tax liability/(asset)

	2021 £	2020 £
At 1 January	(53,925)	(33,121)
Adjustment in respect of prior years	35,193	1,194
Charged/(credited) to the profit and loss account	<u>106,728</u>	<u>(21,998)</u>
At 31 December	<u>87,996</u>	<u>(53,925)</u>

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

	2021 £	2020 £
Fixed asset timing differences	<u>87,996</u>	<u>(53,925)</u>

Notes to the financial statements
for the year ended 31 December 2021 (continued)

15 Called up share capital

Allotted and fully paid

	<i>No.</i>	<i>2021</i> £	<i>No.</i>	<i>2020</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 2021 the Company had future minimum rentals under non-cancellable operating leases as follows:

Office Equipment

	<i>2021</i> £	<i>2020</i> £
Not later than one year	1,190	1,190
Later than one year and not later than five years	<u>1,487</u>	<u>2,677</u>
	<u>2,677</u>	<u>3,867</u>

Notes to the financial statements
for the year ended 31 December 2021 (continued)

17 Operating lease obligations (continued)

Motor Vehicles

	<i>2021</i>	<i>2020</i>
	£	£
Not later than one year	1,562	22,572
Later than one year but not later than five years	-	13,206
	<u>1,562</u>	<u>35,778</u>

Building

	<i>2021</i>	<i>2020</i>
	£	£
Not later than one year	60,000	-
Later than one year but not later than five years	195,000	-
	<u>255,000</u>	<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 £175,535 (2020: £149,968). There were no contributions prepaid or accrued at the year end (2020: £nil).

Notes to the financial statements

for the year ended 31 December 2021 (continued)

19 Ultimate parent undertaking and controlling party

As at 31 December 2021, Dover Fluids UK Limited is the immediate parent of the Company, a company incorporated in England and Wales. On 1 October 2021, Fibresec Holding Limited sold its entire shareholding in the Company to the current immediate parent. The directors consider the Dover Corporation, incorporated in the US to be the ultimate parent undertaking and ultimate controlling party.

The Company was 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.

20 Post balance sheet events

There were no post balance sheet events after the reporting date.