

ABBEE MASTERBATCH LIMITED
STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

FRIDAY



ABD5IXQ2

A17

23/09/2022

#128

COMPANIES HOUSE

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	4
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9

ABBAY MASTERBATCH LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS:

Mr J M Shirt
Mrs R J Shirt
Mrs L C Mather
Mr M A Shirt
Mr R J Shirt

SECRETARIES:

Mr J M Shirt
Mrs L C Mather

REGISTERED OFFICE:

Whitelands Mill
Whitelands Road
Ashton Under Lyne
Lancashire
OL6 6UG

REGISTERED NUMBER:

01793834 (England and Wales)

AUDITORS:

Livesey Spottiswood Ltd
Chartered Accountants and
Statutory Auditors
17 George Street
St Helens
Merseyside
WA10 1DB

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

During the year, the company's main activities continued to be the production of thermoplastic compounds, powders and resins for the plastics industry, together with pigment dispersions and concentrates for the paint and ink industries.

REVIEW OF BUSINESS

The directors consider both turnover and gross profit percentage to be key indicators of its performance.

The directors are pleased to report that turnover in the year has increased by 29% on the previous year to £11,158,661 from £8,619,531 in 2020 and has almost returned to pre-pandemic levels.

Despite the continued upheaval and additional administrative burden of the UK's exit from the European Union the directors are also pleased to report that export sales have increased from 51% of turnover in 2020 to 58% in the current year.

The company's gross profit percentage for the year has, however, reduced to 22% in the current year from 27% in 2020. This is due to significant increases in raw material prices that, due to price pressures within the industry, the company are unable to fully recoup from customers.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors consider the company's principal business risks and uncertainties to be the increasing competition from emerging markets and the volatility of currency exchange rates.

As the Asian economies continue to expand further into world markets, there will undoubtedly become increased competition across all industries. However, the directors are confident that the products manufactured by the company will be of sufficiently higher quality than those produced by any new entrants to the marketplace to negate any potential loss of market share.

The directors believe that the current political climate could have a further detrimental effect on the exchange rates between Sterling and other currencies. At present the directors do not consider this to be a major risk, however, should circumstances change the directors would consider strategies to mitigate these risks.

ON BEHALF OF THE BOARD:


Mr J M Shirt - Director

15 September 2022

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

DIVIDENDS

The total distribution of dividends for the year ended 31 December 2021 is £582,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

Mr J M Shirt
Mrs R J Shirt
Mrs L C Mather
Mr M A Shirt
Mr R J Shirt

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

A qualifying third party indemnity provision as defined in section 234 of the Companies Act 2006, applicable to all of the company's directors was in place during the financial year and continues to be in force as at the date these financial statements were approved.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



Mr J M Shirt - Director

15 September 2022

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ABBNEY MASTERBATCH LIMITED

Opinion

We have audited the financial statements of Abbey Masterbatch Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ABBEY MASTERBATCH LIMITED**

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

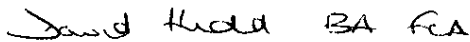
- Discussions with management and those involved in the financial reporting process including consideration of known or suspected instances of non-compliance with laws and regulations central to the company's ability to operate, and fraud;
- Review of the company's communication with ISO internal auditors to identify any instances of non-compliance with laws and regulations central to the company's ability to operate;
- Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or of significant monetary amounts.

There are inherent limitations in the audit procedures described above. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

 BA FCA

David Hudd BA FCA (Senior Statutory Auditor)
for and on behalf of Livesey Spottiswood Ltd
Chartered Accountants and
Statutory Auditors
17 George Street
St Helens
Merseyside
WA10 1DB

Date: 21 September 2022

**STATEMENT OF COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
TURNOVER	3	11,158,661	8,619,531
Cost of sales		(8,734,471)	(6,309,236)
GROSS PROFIT		2,424,190	2,310,295
Distribution costs		(171,247)	(166,630)
Administrative expenses		(1,274,252)	(1,365,973)
		978,691	777,692
Other operating income		2,101	16,672
OPERATING PROFIT	5	980,792	794,364
Interest receivable and similar income		184	5,911
PROFIT BEFORE TAXATION		980,976	800,275
Tax on profit	6	(39,339)	32,500
PROFIT FOR THE FINANCIAL YEAR		941,637	832,775
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		941,637	832,775

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	8	1,831,393	2,054,529
CURRENT ASSETS			
Stocks	9	2,292,951	1,544,419
Debtors	10	1,288,193	1,181,893
Cash at bank and in hand		4,769,534	5,171,230
		8,350,678	7,897,542
CREDITORS			
Amounts falling due within one year	11	(1,212,852)	(1,381,828)
NET CURRENT ASSETS		7,137,826	6,515,714
TOTAL ASSETS LESS CURRENT LIABILITIES		8,969,219	8,570,243
PROVISIONS FOR LIABILITIES	13	(191,339)	(152,000)
NET ASSETS		8,777,880	8,418,243
CAPITAL AND RESERVES			
Called up share capital	14	47,000	47,000
Freehold property revaluation reserve	15	894,023	905,485
Retained earnings	15	7,836,857	7,465,758
SHAREHOLDERS' FUNDS		8,777,880	8,418,243

The financial statements were approved by the Board of Directors and authorised for issue on 15 September 2022 and were signed on its behalf by:


 Mr M Shirt - Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Retained earnings £	Freehold property revaluation reserve £	Total equity £
Balance at 1 January 2020	47,000	7,621,795	916,673	8,585,468
Changes in equity				
Profit for the year	-	832,775	-	832,775
Other comprehensive income	-	11,188	(11,188)	-
Total comprehensive income	-	843,963	(11,188)	832,775
Dividends	-	(1,000,000)	-	(1,000,000)
Balance at 31 December 2020	47,000	7,465,758	905,485	8,418,243
Changes in equity				
Profit for the year	-	941,637	-	941,637
Other comprehensive income	-	11,462	(11,462)	-
Total comprehensive income	-	953,099	(11,462)	941,637
Dividends	-	(582,000)	-	(582,000)
Balance at 31 December 2021	47,000	7,836,857	894,023	8,777,880

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. STATUTORY INFORMATION

Abbey Masterbatch Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The nature of the company's operations and principal activities are as detailed in the Strategic report on page 2.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention except for the modification to fair value of certain fixed assets. The financial statements are presented in sterling which is the functional currency of the company.

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

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies as set out below, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Valuation of freehold property

As described in note 8 to the financial statements, freehold property is stated at deemed cost based on a valuation performed by an independent professional valuer with experience in the location and category of property valued. The valuer used an open market basis for the valuation.

Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives of the assets. These are amended when necessary to reflect current estimates based on technological advancement, future investment, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of the tangible fixed assets and the accounting policies for the depreciation rates for each class of assets.

Provisions for future repairs

The company makes provision for the significant overhaul of plant and machinery as a result of past usage together with provision for major works in respect of its freehold property.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with its parent company, ATL Industries Limited or other wholly owned subsidiaries within the group.

Turnover

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is usually on dispatch of the goods.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets (except freehold land) at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold property	- 2% straight line
Plant and machinery	- 15% straight line
Office equipment	- 15% straight line

Assets are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit and loss unless the asset is carried at a revalued amount, where the impairment loss is a revaluation decrease.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all direct production costs, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in-first-out formula. Provision is made for damaged, obsolete and slow moving stock where appropriate.

Taxation

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

Related parties

For the purposes of these financial statements, a party is considered to be related to the company if:

1. the party has the ability, directly or indirectly, through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating decisions, or has joint control over the company;
2. the company and the party are subject to common control;
3. the party is an associate of the company or a joint venture in which the company is a venturer;
4. the party is a member of key management personnel of the company or the company's parent, or close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
5. the party is a close family member of a party referred to in (1) or is an entity under the control, joint control or significant influence of such individuals; or
6. the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Foreign currencies

Transactions in currencies, other than the functional currency of the company, are recorded at the rate of exchange on the date the transaction occurred. Monetary items denominated in other currencies are translated at the rate prevailing at the end of the reporting period. All differences are taken to the profit and loss account.

Research and development

Research and development expenditure is written off as incurred.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

Employee benefits

When employees have rendered services to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid for that service.

The company operates a defined contribution plan for the benefit of its directors and employees. Contributions are expensed as they become payable.

Leased assets

Assets that are held by the company under leases which transfer to the company substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the company are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Debtors and creditors receivable/ payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in administrative expenses.

3. TURNOVER

The turnover was derived from the company's principal activities.

During the year, the company exported 58% of its turnover (2020 - 51%).

4. EMPLOYEES AND DIRECTORS

	2021	2020
	£	£
Wages and salaries	1,390,627	1,508,290
Social security costs	171,231	173,817
Other pension costs	83,925	85,577
	<u>1,645,783</u>	<u>1,767,684</u>

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

	2021	2020
Management and administration	12	13
Production	24	26
	<u>36</u>	<u>39</u>

	2021	2020
	£	£
Directors' remuneration	676,650	742,726
Directors' pension contributions to money purchase schemes	<u>40,800</u>	<u>40,480</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

4. **EMPLOYEES AND DIRECTORS - continued**

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

Money purchase schemes	3	3
------------------------	---	---

Information regarding the highest paid director is as follows:

	2021	2020
	£	£
Emoluments etc	216,385	239,951
Pension contributions to money purchase schemes	15,000	15,000

5. **OPERATING PROFIT**

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

	2021	2020
	£	£
Depreciation - owned assets	248,221	207,635
Auditors' remuneration	7,700	7,350
Operating lease payments	81,014	73,900
Foreign currency exchange rate variances	-	(33,766)

6. **TAXATION**

Analysis of the tax charge/(credit)

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

	2021	2020
	£	£
Deferred tax:		
In respect of accelerated capital allowances	44,565	(27,000)
In respect of revalued property	(5,226)	(5,500)
Total deferred tax	39,339	(32,500)
Tax on profit	39,339	(32,500)

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£	£
Profit before tax	980,976	800,275
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	186,385	152,052
Effects of:		
Expenses not deductible for tax purposes	3,976	3,441
Depreciation in excess of capital allowances	35,962	24,822
Research and development claim	(171,444)	(180,980)
Tax losses	(54,879)	665
Movement on deferred tax provision	39,339	(32,500)
Total tax charge/(credit)	39,339	(32,500)

7. **DIVIDENDS**

	2021	2020
	£	£
Dividends paid	582,000	1,000,000

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Office equipment £	Totals £
COST				
At 1 January 2021	1,516,979	4,020,263	158,282	5,695,524
Additions	717	21,040	3,328	25,085
At 31 December 2021	1,517,696	4,041,303	161,610	5,720,609
DEPRECIATION				
At 1 January 2021	172,806	3,337,603	130,586	3,640,995
Charge for year	27,506	210,680	10,035	248,221
At 31 December 2021	200,312	3,548,283	140,621	3,889,216
NET BOOK VALUE				
At 31 December 2021	1,317,384	493,020	20,989	1,831,393
At 31 December 2020	1,344,173	682,660	27,696	2,054,529

The freehold property is included at an amount to reflect revaluation at 1 January 2014 at fair value using the existing use method following an independent valuation.

The historical cost of the freehold property included at valuation amounted to £567,061 (2020 - £566,344) and the accumulated depreciation thereon amounts to £66,808 (2020 - £55,990).

The historical cost of the freehold property includes land with a value of £26,145 (2020 - £26,145) on which no depreciation charge is made.

9. STOCKS

	2021 £	2020 £
Raw materials	1,563,001	948,087
Finished goods	729,950	596,332
	<u>2,292,951</u>	<u>1,544,419</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade debtors	1,104,404	1,063,738
Amounts owed by group undertakings	135	-
Other debtors	324	324
VAT	142,813	85,101
Prepayments	40,517	32,730
	<u>1,288,193</u>	<u>1,181,893</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	444,529	414,005
Amounts owed to group undertakings	-	26,517
Social security and other taxes	33,332	32,385
Other creditors	5,157	19,067
Directors' current accounts	16,780	16,780
Accrued expenses	713,054	873,074
	<u>1,212,852</u>	<u>1,381,828</u>

Included within accrued expenses are provisions for repairs amounting to £125,750 (2020 - £212,750).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

12. LEASING AGREEMENTS

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

	2021 £	2020 £
Within one year	31,185	-
Between one and five years	12,723	78,117
In more than five years	490,000	525,000
	<u>533,908</u>	<u>603,117</u>

The company leases one of the buildings from which it operates, from The Shirt Family Pension Fund, at an amount of £35,000 per annum until 31 December 2035.

13. PROVISIONS FOR LIABILITIES

	2021 £	2020 £
Deferred tax		
Accelerated capital allowances	104,065	59,500
On revalued property	87,274	92,500
	<u>191,339</u>	<u>152,000</u>

		Deferred tax £
Balance at 1 January 2021		152,000
Movement in the year		39,339
Balance at 31 December 2021		<u>191,339</u>

14. CALLED UP SHARE CAPITAL

Number:	Class:	Nominal value: £1	2021 £	2020 £
47,000	Ordinary		<u>47,000</u>	<u>47,000</u>

15. OTHER RESERVES

	Retained earnings £	Freehold property revaluation reserve £	Totals £
At 1 January 2021	7,465,758	905,485	8,371,243
Profit for the year	941,637	-	941,637
Dividends	(582,000)	-	(582,000)
Transfer for depreciation charged on revalued assets	16,688	(16,688)	-
Deferred tax movement on revalued property	(5,226)	5,226	-
At 31 December 2021	<u>7,836,857</u>	<u>894,023</u>	<u>8,730,880</u>

16. PENSION COMMITMENTS

The company operates defined contribution pension schemes on behalf of certain employees and directors. The assets of the schemes are held separately from those of the company in independently administered funds. Contributions paid during the year amounted to £83,925 (2020 - £85,577). At 31 December 2021, £5,025 (2020 - £4,777) was payable in respect of outstanding pension contributions.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

17. **ULTIMATE PARENT COMPANY**

The company's ultimate parent company is ATL Industries Limited, a company incorporated in England and Wales. ATL Industries Limited holds 100% of the issued share capital of the company.

18. **CAPITAL COMMITMENTS**

	2021 £	2020 £
Contracted but not provided for in the financial statements	60,631	-

19. **RELATED PARTY DISCLOSURES**

During the year the company has purchased goods amounting to £284,835 (2020 - £225,700) from Abbey Vietnam Limited, a joint venture in which the company's parent, ATL Industries Limited has an interest. Normal commercial terms applied.

Also during the year, the company has paid rent amounting to £35,000 (2020 - £35,000) to The Shirt Family Pension Fund, a fund in which the directors Mr M A Shirt and Mr R J Shirt are beneficiaries. Normal commercial terms applied.

During the year, a total of key management personnel compensation of £717,450 (2020 - £783,206) was paid.

20. **ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is the director, Mr J M Shirt by virtue of his controlling interest in the company's ultimate parent company, ATL Industries Limited.