

NAYLOR INDUSTRIES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2019



NAYLOR INDUSTRIES PLC

COMPANY INFORMATION

Directors	Edward Naylor David Fletcher Bridget Warner-Adsetts (resigned 6 March 2019) Ruth Moran
Company secretary	Ruth Moran
Registered number	02908579
Registered office	Clough Green Cawthorne Barnsley South Yorkshire S75 4AD
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor No 1 Whitehall Riverside Leeds West Yorkshire LS1 4BN
Bankers	HSBC Bank Plc South Yorkshire Commercial Centre 4 Europa Court Sheffield South Yorkshire S9 1XE
Solicitors	DLA Piper LLP Fountain Precinct Balm Green Sheffield S1 1RZ

NAYLOR INDUSTRIES PLC

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NAYLOR INDUSTRIES PLC

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2019

Introduction

2018/19 was a year of good progress, with a greater focus on product manufacture and a reduced level of disruption following completion of our major capital investment programme.

Recent years have been eventful in terms of capital investment and corporate activity:

- 2015/16- our Concrete Products business relocated from a leasehold site at Ossett to a new freehold site Barugh Green, South Yorkshire
- 2016/17- our Wath Specialist Plastics factory, our injection moulding/fabrications functions and our Group Head Office relocated to newly acquired and refurbished premises in Wombwell
- 2016/17- we acquired White's (Concrete) Ltd, a manufacturer of tanks, panels and retaining walls and relocated it to Barugh Green
- 2016/17 & 2017/18- we invested in a new large diameter Twin Wall Drain factory at Cawthorne
- 2017/18- we disposed of our Polymer processing business

These projects adversely affected the results for 2015/16, 2016/17 and 2017/18; they did however lay the foundations for future growth.

During 2018/19, sales and manufacturing have grown as new premises and equipment have come fully on stream.

Business review and financial and other key performance indicators

	2019	2018
Turnover growth (continuing activities)	13%	(3)%
Gross profit (continuing activities)	27%	24%
Operating profit before Exceptional items (continuing activities)	£2,487,997	£1,791,243
Turnover per employee	£164,671	£149,667
Stock	£7,825,128	£6,722,281

The company achieved considerable sales growth during 2018/19, with a useful contribution from new product sales following the recent capital investment programme.

Margins and profitability also improved, reflecting the lower level of operational disruption. The Operating Margin before Exceptionals was 4.5% - an improvement on the previous year's 3.7%. In the long term, the Directors are aiming at an Operating Margin of 10%.

Turnover per employee increased significantly, with substantial turnover growth but a minimal increase in headcount. Recent capital investments have had a positive impact on labour productivity.

Stock levels increased 16%. Our divisions increased stocks as sales grew, reflecting our commitment to maintaining good customer service.

NAYLOR INDUSTRIES PLC

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

NAYLOR DRAINAGE LTD

The results for 2018/19 benefitted from a reduced level of operational disruption. Sales and manufacturing grew as new premises and plant came fully on stream. Turnover growth was an encouraging 13% in our continuing operations, with a useful contribution from new product sales following the recent capital investment programme.

Market conditions were stable for most of our businesses, although Scotland remained challenging as a result of an absence of major capital projects and our Gardenware business continued to operate in a turbulent marketplace.

Gross margins increased from 22% to 26% as newly acquired equipment was commissioned and optimised, resulting in a healthy increase in profitability.

With the capital investment programme concluded and new products having been successfully launched, the Directors consider the prospects for this business to be encouraging.

NAYLOR CONCRETE PRODUCTS LTD

2018/19 has similarly been a year of good progress. Market conditions were more benign, with something of a recovery in the agricultural sector providing a boost to White's revenues and contributing to a turnover increase of 12%. In manufacturing, a lower level of operational disruption allowed us to increase gross margins from 35% to 38%.

We are currently looking at the next stage of the company's evolution, with a potential major capital investment programme currently being under discussion

NAYLOR INDUSTRIES PLC

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks. The key risks and uncertainties affecting the business are considered to relate to domestic competitors, raw material prices, exchange and interest rate movements and credit and liquidity risk. Whilst the group currently does not have material exposures in any of the areas listed above, risk identification and management is regularly the subject of board discussion and appropriate action is taken as and when required.

The group mitigates its risk of competition by the purchase of best available equipment and ensuring that its working practices result in cost-effective production output. Raw material prices are material to the Group's plastic operations and the Group monitors these closely and seeks to pass increases on to customers wherever incurred.

The group's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, foreign currency exchange rates, credit risk and liquidity risk. In these areas, the group does not have material exposures however, it does enter into foreign exchange contracts to manage exposure to fluctuations in foreign exchange rates.

The group's principal financial instruments comprise sterling cash and bank deposits, bank loans and overdrafts, other loans and obligations under finance leases together with trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the Group's financial instruments can be analysed as follows:

NAYLOR INDUSTRIES PLC

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

Foreign currency risk

The group is exposed in its trading operations to the risk of changes in foreign currency exchange rates. Historically, the group has both bought and sold goods internationally. Whilst the main foreign currency in which the group operates continues to be the Euro, the group's exposure to the Dollar continues as a result of the ongoing sourcing of garden pots from South East Asia. The group periodically buys Euros and Dollars to mitigate currency risk.

Credit risk

The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The group also has credit insurance in place which covers much of the outstanding debtor balance. The amounts presented in the Balance sheet are net of allowances for doubtful debts, estimated by the group's management based on prior experience and their assessment of the current economic environment.

Credit risk on liquid funds is minimised by depositing these funds with HSBC; the group has a net liability to HSBC.

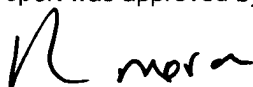
Liquidity risk

The group's policy has been to ensure continuity of funding through the financing of material capital investment via finance leases and through arranging longer-term facilities for longer-term elements of the group's financial structure.

Cash flow interest rate risk

Interest bearing assets are currently not a material part of the group's financial structure. As regards borrowings, the directors ensure that these incorporate a mix of fixed and variable interest debt to mitigate the potential impact of future interest rate increases. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on financial performance of the group.

This report was approved by the board on 23 August 2019 and signed on its behalf.



Ruth Moran
Director

NAYLOR INDUSTRIES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2019

The directors present their report and the financial statements for the year ended 28 February 2019.

Principal activity

Naylor Industries plc is the parent company of subsidiaries primarily involved in the manufacture and sale of building materials. The group's Head Office is located in Wombwell, South Yorkshire. The group's operating subsidiaries are:

Naylor Drainage Ltd, whose primary activities are the manufacture and sale of:

- Pipes - non-pressure clay and plastic sewerage, drainage and ducting systems
- Garden pots
- Bespoke extrusions and Ventilation duct

This business is structured as five divisions on four sites: Clay Drainage (Cawthorne), Cawthorne Plastics (Cawthorne), Methil Plastics (Fife), Specialist Plastics (Tipton, Wombwell) and Gardenware (Cawthorne).

Naylor Concrete Products Ltd, whose activity is the manufacture of pre-stressed and precast concrete products: lintels and panels, retaining walls and tanks.

Results and dividends

The profit for the year, after taxation, amounted to £2,060,663 (2018 - loss £397,377).

The group's profitability showed considerable year on year improvement as 2018/19 had little of the operational disruption of previous years.

No dividend was paid or is proposed in respect of the financial year ended 28 February 2019 (2018: £Nil).

Directors

The directors who served during the year and their interests in the Group's issued share capital were:

	A Ordinary shares of £1 each		B Ordinary shares of £1 each		C Ordinary shares of £1 each	
	28/2/19	1/3/18	28/2/19	1/3/18	28/2/19	1/3/18
Edward Naylor	248,855	248,855	250,000	250,000	137,300	137,300
David Fletcher	79,520	79,520	-	-	-	-
Bridget Warner-Adsetts (resigned 6 March 2019)	79,520	79,520	-	-	-	-
Ruth Moran	-	-	-	-	-	-

NAYLOR INDUSTRIES PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 FRS 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 and profit or loss of the Group and 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Research & development

Innovation remains important to the group, with all the group's businesses being active in new product development. The group continues to benefit from Research & Development grants, reflecting the high levels of R&D across all divisions. Research and development expenditure is written off during the year in which it is incurred.

Following recent capital investment, a number of new products were again launched during 2018/19, including Twin Wall Drainage in sizes 750, 900 and 1050mm.

Future developments

New plant and our two new sites have allowed us to expand our product offering and increase our capacity. Despite the political uncertainties facing the UK, the Board is now looking forward to a period of growth and increased profitability in 2019/20 and beyond.

There have been no significant events affecting the company since the year end.

NAYLOR INDUSTRIES PLC

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2019

Employee involvement

As a fourth-generation family business, Employee involvement is important to the Naylor Group. The Group CEO and CFO undertake a twice-yearly roadshow, where all employees are updated on developments affecting the group. Annual budgets and divisional plans are summarised and distributed around all employees. Employees are represented at an Employee Forum and an action card tracker system encourages employees to contribute improvement ideas.

Disabled employees

Our Equality Policy is at the heart of our commitment to equal opportunities for all in the Naylor Group. The rights of disabled persons and the responsibilities of the company are embedded within this policy. The needs of disabled employees, including workplace modifications for example, are given priority and accommodated wherever possible. Line Managers receive training in the Equality Policy to ensure consistency and their understanding and application of the policy is reviewed in their performance appraisals.

Qualifying third party indemnity provisions

All directors benefited from qualifying indemnity insurance policies in place during the financial year.

Disclosure of information to auditor

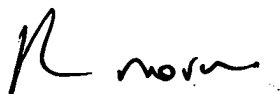
The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 23 August 2019 and signed on its behalf.



Ruth Moran
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NAYLOR INDUSTRIES PLC

Opinion

We have audited the financial statements of Naylor Industries Plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 28 February 2019, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of changes in equity, the Consolidated Statement of Cash Flows 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 Group's and of the parent company's affairs as at 28 February 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NAYLOR INDUSTRIES PLC (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NAYLOR INDUSTRIES PLC (CONTINUED)

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 6, 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 Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

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 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.



Victoria McLoughlin BA FCA
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

23 August 2019

NAYLOR INDUSTRIES PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2019**

	Note	Continuing operations 2019	Total 2019	Continuing operations 2018	Discontinued operations 2018 £	Total 2018 £
Turnover	4	55,329,382	55,329,382	49,006,375	1,132,002	50,138,377
Cost of sales		(40,360,131)	(40,360,131)	(37,364,003)	(1,451,484)	(38,815,487)
Gross profit		14,969,251	14,969,251	11,642,372	(319,482)	11,322,890
Distribution costs		(6,287,641)	(6,287,641)	(5,333,155)	(64,676)	(5,397,831)
Administrative expenses		(6,193,613)	(6,193,613)	(4,517,974)	(144,665)	(4,662,639)
Exceptional administrative expenses		-	-	(1,346,943)	(120,853)	(1,467,796)
Operating profit/(loss)	5	2,487,997	2,487,997	444,300	(649,676)	(205,376)
Interest payable and expenses	9	(443,592)	(443,592)	(423,457)	-	(423,457)
Profit/(loss) before taxation		2,044,405	2,044,405	20,843	(649,676)	(628,833)
Tax on profit/(loss)		16,258	16,258	231,456	-	231,456
Profit/(loss) for the financial year		2,060,663	2,060,663	252,299	(649,676)	(397,377)
Total comprehensive income for the year			2,060,663			(397,377)
Profit/(loss) for the year attributable to:						
Owners of the parent company		2,060,663	2,060,663	(397,377)	-	(397,377)
		2,060,663	2,060,663	(397,377)	-	(397,377)
Total comprehensive income for the year attributable to:						
Owners of the parent company			2,060,663			(397,377)
			2,060,663			(397,377)

There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated statement of comprehensive income.

The notes on pages 21 to 45 form part of these financial statements.

NAYLOR INDUSTRIES PLC
REGISTERED NUMBER:02908579

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	25,124,380	25,656,155
		<u>25,124,380</u>	<u>25,656,155</u>
Current assets			
Stocks	14	7,825,128	6,722,281
Debtors: amounts falling due within one year	15	11,642,427	9,569,161
Cash at bank and in hand	16	236,064	184,065
		<u>19,703,619</u>	<u>16,475,507</u>
Creditors: amounts falling due within one year	17	(21,771,964)	(19,168,489)
Net current liabilities		<u>(2,068,345)</u>	<u>(2,692,982)</u>
Total assets less current liabilities		<u>23,056,035</u>	<u>22,963,173</u>
Creditors: amounts falling due after more than one year	18	(5,573,210)	(7,127,062)
Provisions for liabilities			
Deferred taxation	22	(804,766)	(821,024)
Other provisions	23	(721,402)	(1,119,093)
		<u>(1,526,168)</u>	<u>(1,940,117)</u>
Net assets		<u><u>15,956,657</u></u>	<u><u>13,895,994</u></u>
Capital and reserves			
Called up share capital	25	5,045,195	5,045,195
Share premium account	24	501,266	501,266
Revaluation reserve	24	3,694,168	3,694,168
Capital redemption reserve	24	233	233
Profit and loss account	24	6,715,795	4,655,132
Equity attributable to owners of the parent company		<u><u>15,956,657</u></u>	<u><u>13,895,994</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 August 2019.

Ruth Moran
Director



The notes on pages 21 to 45 form part of these financial statements.

NAYLOR INDUSTRIES PLC
REGISTERED NUMBER:02908579

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	9,837,088	10,020,943
Investments	13	1,058,220	1,058,220
		<u>10,895,308</u>	<u>11,079,163</u>
Current assets			
Debtors: amounts falling due within one year	15	883,262	1,349,010
Cash at bank and in hand	16	16,237	3,456
		<u>899,499</u>	<u>1,352,466</u>
Creditors: amounts falling due within one year	17	(1,338,266)	(1,383,883)
Net current liabilities		<u>(438,767)</u>	<u>(31,417)</u>
Total assets less current liabilities		<u>10,456,541</u>	<u>11,047,746</u>
Creditors: amounts falling due after more than one year	18	(3,053,559)	(3,537,790)
Provisions for liabilities			
Deferred taxation	22	(301,353)	(274,000)
		<u>(301,353)</u>	<u>(274,000)</u>
Net assets		<u><u>7,101,629</u></u>	<u><u>7,235,956</u></u>

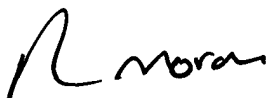
NAYLOR INDUSTRIES PLC
REGISTERED NUMBER:02908579

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 28 FEBRUARY 2019

	Note	28 February 2019 £	28 February 2018 £
Capital and reserves			
Called up share capital	25	5,045,195	5,045,195
Share premium account	24	501,266	501,266
Revaluation reserve	24	1,316,224	1,316,224
Capital redemption reserve	24	233	233
Profit and loss account	24	238,711	373,038
		<u>7,101,629</u>	<u>7,235,956</u>

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income these financial statements. The loss after tax of the parent company for the year was £134,327 (2018: profit of £114,746).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 August 2019.



Ruth Moran
Director

The notes on pages 21 to 45 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2019**

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 March 2018	5,045,195	501,266	233	3,694,168	4,655,132	13,895,994
Comprehensive income for the year						
Profit for the year	-	-	-	-	2,060,663	2,060,663
Total comprehensive income for the year	-	-	-	-	2,060,663	2,060,663
Total transactions with owners	-	-	-	-	-	-
At 28 February 2019	5,045,195	501,266	233	3,694,168	6,715,795	15,956,657

The notes on pages 21 to 45 form part of these financial statements.

NAYLOR INDUSTRIES PLC

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2018**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 March 2017	5,045,195	501,266	233	3,694,168	5,052,509	14,293,371
Comprehensive income for the year						
Loss for the year	-	-	-	-	(397,377)	(397,377)
Total comprehensive income for the year	-	-	-	-	(397,377)	(397,377)
Total transactions with owners	-	-	-	-	-	-
At 28 February 2018	5,045,195	501,266	233	3,694,168	4,655,132	13,895,994

The notes on pages 21 to 45 form part of these financial statements.

NAYLOR INDUSTRIES PLC

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2019**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 March 2018	5,045,195	501,266	233	1,316,224	373,038	7,235,956
Comprehensive income for the year						
Loss for the year	-	-	-	-	(134,327)	(134,327)
Total comprehensive income for the year	-	-	-	-	(134,327)	(134,327)
Total transactions with owners	-	-	-	-	-	-
At 28 February 2019	5,045,195	501,266	233	1,316,224	238,711	7,101,629

The notes on pages 21 to 45 form part of these financial statements.

NAYLOR INDUSTRIES PLC

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2018**

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 March 2017	5,045,195	501,266	233	1,316,224	258,292	7,121,210
Comprehensive income for the year						
Profit for the year	-	-	-	-	114,746	114,746
Total comprehensive income for the year	-	-	-	-	114,746	114,746
Transfer to/from profit and loss account	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
At 28 February 2018	5,045,195	501,266	233	1,316,224	373,038	7,235,956

The notes on pages 21 to 45 form part of these financial statements.

NAYLOR INDUSTRIES PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit/(loss) for the financial year	2,060,663	(397,377)
Adjustments for:		
Depreciation of tangible assets	1,638,135	1,406,825
Loss on disposal of tangible assets	-	(25,956)
Interest paid	443,592	423,457
Taxation charge	(16,258)	(231,456)
(Increase)/decrease in stocks	(1,102,847)	1,050,559
(Increase)/decrease in debtors	(2,147,576)	1,741,556
Increase in creditors	1,535,673	596,360
(Decrease)/increase in provisions	(397,691)	-
Corporation tax received/(paid)	10,523	(134,327)
Amortisation of grants	(84,043)	(84,043)
Movement in foreign exchange forward currency contracts	-	100,028
Net cash generated from operating activities	<u>1,940,171</u>	<u>4,445,626</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,106,360)	(2,153,160)
Sale of tangible fixed assets	-	263,475
HP interest paid	(163,285)	(152,297)
Net cash from investing activities	<u>(1,269,645)</u>	<u>(2,041,982)</u>

NAYLOR INDUSTRIES PLC

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2019

	2019 £	2018 £
Cash flows from financing activities		
Repayment of loans	(535,791)	(743,799)
Repayment of/new finance leases	(1,029,642)	(985,696)
Movements on invoice discounting	1,227,213	984,464
Interest paid	(280,307)	(271,160)
Net cash used in financing activities	(618,527)	(1,016,191)
Net increase in cash and cash equivalents	51,999	1,387,453
Cash and cash equivalents at beginning of year	184,010	(1,203,443)
Cash and cash equivalents at the end of year	236,009	184,010
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	236,064	184,065
Bank overdrafts	(55)	(55)
	236,009	184,010

The notes on pages 21 to 45 form part of these financial statements.

NAYLOR INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

1. General information

Naylor Industries Plc is a private company limited by shares and registered in England and Wales. Its registered address is Clough Green, Cawthorne, Barnsley, South Yorkshire, S75 4AD.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The company has early adopted the FRS 102 Triennial Review. This has resulted in the Investment Property in the company at a value of £9,800,000 being reclassified as Freehold Land and Buildings as at the date of transition of 1 March 2016.

The Group's functional and presentational currency is Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the group and its subsidiaries together "the group" as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Reduced disclosure exemptions - parent company only

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in these consolidated financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- 50 years
Plant & machinery	- 10 - 15 years
Fixtures & fittings	- 5 - 10 years
Assets under construction	- Not depreciated until assets are complete and come into economic use

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.5 Operating leases

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

NAYLOR INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

2. Accounting policies (continued)

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NAYLOR INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

2. Accounting policies (continued)

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.10 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

NAYLOR INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

2. Accounting policies (continued)

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

2.13 Foreign currency translation

Functional and presentation currency

The group's functional and presentational currency is Sterling (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.14 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NAYLOR INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

2. Accounting policies (continued)

2.15 Pensions

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payments obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

2.16 Provisions for liabilities

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.18 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

NAYLOR INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

3. Critical accounting judgements and estimation uncertainty

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment and note 2.4 for the useful economic lives for each class of assets.

Inventory provisioning

The group's products, particularly its Gardenware offering are subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 14 for the net carrying amount of the inventory.

Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 15 for the carrying amount of debtors net of associated impairment provision.

4. Turnover

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	52,172,351	48,975,254
Rest of the world	3,157,031	1,163,123
	<u>55,329,382</u>	<u>50,138,377</u>

5. Operating profit/(loss)

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

	2019 £	2018 £
Research & development charged as an expense	23,434	46,306
Depreciation of tangible fixed assets	1,638,135	1,406,825
Exchange differences	19,411	(13,184)
Other operating lease rentals	270,140	229,073
Release of government grants	(84,043)	(84,043)
	<u></u>	<u></u>

NAYLOR INDUSTRIES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

6. Auditor's remuneration

	2019	2018
	£	£
Fees payable to the group's auditor and its associates for the audit of the group's annual accounts	12,000	11,500
Fees payable to the group's auditor for the audit of the group's and subsidiary annual accounts	25,200	24,500
Taxation services	25,250	10,000
Other accounting services	2,550	2,475
	<u> </u>	<u> </u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group	Group	Company	Company
	2019	2018	2019	2018
	£	£	£	£
Wages and salaries	8,568,643	8,311,029	-	-
Social security costs	757,107	742,803	-	-
Cost of defined contribution scheme	149,270	132,514	-	-
	<u>9,475,020</u>	<u>9,186,346</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019	2018
	No.	No.
Manufacturing	229	237
Trading	88	69
Central	19	29
	<u>336</u>	<u>335</u>

NAYLOR INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	370,144	387,077
Contributions to defined contribution pension schemes	14,536	14,206
	<u>384,680</u>	<u>401,283</u>

During the year retirement benefits were accruing to 3 directors (2018: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £151,055 (2018: £144,147).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,946 (2018: £5,635).

9. Interest payable and similar expenses

	2019 £	2018 £
Other loan interest payable	272,063	263,440
Finance leases and hire purchase contracts	163,285	152,297
Other interest payable	8,244	7,720
	<u>443,592</u>	<u>423,457</u>

NAYLOR INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019

10. Taxation

	2019 £	2018 £
Corporation tax		
Adjustments in respect of previous periods	-	(59,129)
	<u>-</u>	<u>(59,129)</u>
Total current tax	<u>-</u>	<u>(59,129)</u>
Deferred tax		
Origination and reversal of timing differences	141,897	(210,676)
Adjustments in respect of previous periods	(158,155)	38,349
	<u>(16,258)</u>	<u>(172,327)</u>
Total deferred tax	<u>(16,258)</u>	<u>(172,327)</u>
Taxation on loss on ordinary activities	<u>(16,258)</u>	<u>(231,456)</u>

NAYLOR INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2018: lower than)* the standard rate of corporation tax in the UK of 19% *(2018: 19%)*. The differences are explained below:

	2019 £	2018 £
Profit/(loss) on ordinary activities before tax	<u>2,044,405</u>	<u>(628,833)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	388,437	(120,014)
Effects of:		
Expenses not deductible for tax purposes	50,285	38,764
Adjustments to tax charge in respect of prior periods	(158,155)	(20,780)
Additional deduction for R&D expenditure	(280,133)	-
Deferred tax not recognised	-	16,000
Rate difference Deferred tax	(16,692)	(145,426)
Total tax charge for the year	<u>(16,258)</u>	<u>(231,456)</u>

NAYLOR INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

11. Exceptional items

	2019 £	2018 £
Operational downtime	-	475,924
Discontinued operations	-	133,964
Restructuring costs	-	181,719
Stock write down	-	676,189
	<u>-</u>	<u>1,467,796</u>

Operational downtime

Operational downtime related to the under-recovery of production overheads as a result of a sustained period of under/non-production.

Discontinued operations

This charge related to the costs of exiting the discontinued Polymers business.

Restructuring costs

These related predominantly to termination costs following divisional reorganisations.

Stock write-down

These largely related to items being discontinued following a major Gardenware range revision, plus write-offs identified as being required across the other divisions following full reviews of stock-holdings.

NAYLOR INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019

12. Tangible fixed assets

Group

	Freehold property £	Plant & machinery £	Fixtures & fittings £	Assets under construction £	Total £
Cost or valuation					
At 1 March 2018	9,800,000	25,786,168	502,381	6,322,615	42,411,164
Additions	-	14,793	-	1,091,567	1,106,360
Transfers between classes	-	6,698,505	-	(6,698,505)	-
At 28 February 2019	9,800,000	32,499,466	502,381	715,677	43,517,524
Depreciation					
At 1 March 2018	104,590	16,152,155	498,264	-	16,755,009
Charge for the year on owned assets	170,291	1,463,727	4,117	-	1,638,135
At 28 February 2019	274,881	17,615,882	502,381	-	18,393,144
Net book value					
At 28 February 2019	9,525,119	14,883,584	-	715,677	25,124,380
At 28 February 2018	9,695,410	9,634,013	4,117	6,322,615	25,656,155

The freehold land and buildings were revalued to £9,800,000 at 28 February 2017 on the basis of depreciated replacement cost. The valuations were independent and external being carried out by Sanderson Weatherall, Chartered Surveyors, in accordance with RICS appraisal and valuation standards published by the Royal Institute of Chartered Surveyors.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2019 £	2018 £
Group		
Cost	8,921,915	8,921,915
Accumulated depreciation	(1,806,569)	(1,701,978)
Net book value	7,115,346	7,219,937

NAYLOR INDUSTRIES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

12. Tangible fixed assets (continued)

Company

	Freehold land and buildings £	Plant & machinery £	Total £
Cost			
At 1 March 2018	9,800,000	339,097	10,139,097
At 28 February 2019	9,800,000	339,097	10,139,097
Depreciation			
At 1 March 2018	104,590	13,564	118,154
Charge for the year on owned assets	170,291	13,564	183,855
At 28 February 2019	274,881	27,128	302,009
Net book value			
At 28 February 2019	9,525,119	311,969	9,837,088
At 28 February 2018	9,695,410	325,533	10,020,943

The company has early adopted the FRS 102 Triennial Review. This has resulted in the Investment Property in the company of £9,800,000 being reclassified as Freehold Land and Buildings as at the date of transition of 1 March 2017.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2019 £	2018 £
Company		
Cost	8,921,915	8,921,915
Net book value	8,921,915	8,921,915

NAYLOR INDUSTRIES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

13. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Naylor Drainage Limited	Ordinary	100 %	Manufacture and sale of clay and plastic drainage systems
Naylor Concrete Products Limited	Ordinary	100 %	Manufacture and sale of concrete products
Naylor Plastics Limited	Ordinary	100 %	Non-trading
Naylor Hathernware Limited	Ordinary	100 %	Non-trading
Naylor Utilities & Distribution Limited	Ordinary	100 %	Non-trading
The Yorkshire Flower Pot Company Limited	Ordinary	100 %	Non-trading
White's (Concrete) Limited	Ordinary	100 %	Non-trading
Amco Plastic Holdings Limited*	Ordinary	100 %	Non-trading
Amco Plastics Limited**	Ordinary	100 %	Non-trading
ADP Surface Solutions Limited*	Ordinary	100 %	Non-trading

* 100% subsidiary of Naylor Drainage Limited

** 100% subsidiary of AMCO Plastic Holdings Limited

All of the above companies are registered at the company's registered office as detailed in note 1.

Company

	Investments in subsidiary companies £
Cost	
At 1 March 2018	1,058,220
	<hr/>
At 28 February 2019	1,058,220
	<hr/>
Net book value	
At 28 February 2019	1,058,220
	<hr/>
At 28 February 2018	1,058,220
	<hr/>

NAYLOR INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

14. Stocks

	Group 2019 £	Group 2018 £
Raw materials and consumables	2,464,247	2,038,962
Work in progress	86,184	45,963
Finished goods and goods for resale	5,274,697	4,637,356
	7,825,128	6,722,281

The difference between purchase price or production cost of stocks and their replacement cost is not material.

An impairment loss of £nil (2018: £676,189) was recognised in exceptional costs against stock during the prior year due to discontinued and obsolete stock - refer note 11.

15. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	11,018,156	8,889,074	-	-
Amounts owed by group undertakings	-	-	882,635	1,348,383
Other debtors	232,489	306,799	627	627
Prepayments and accrued income	391,782	373,288	-	-
	11,642,427	9,569,161	883,262	1,349,010

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

16. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	236,064	184,065	16,237	3,456
Less: bank overdrafts	(55)	(55)	-	-
	236,009	184,010	16,237	3,456

NAYLOR INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019

17. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank overdrafts	55	55	-	-
Bank loans	860,500	946,437	860,500	946,437
Trade creditors	7,474,009	6,288,733	-	-
Government grants	84,043	84,043	-	-
Amounts owed to group undertakings	-	-	360,138	360,138
Corporation tax	10,523	-	3,016	3,016
Other taxation and social security	801,256	532,928	-	-
Obligations under finance lease and hire purchase contracts	1,018,117	1,027,802	34,497	47,247
Proceeds of factored debts	7,071,657	5,918,754	-	-
Other creditors	232,867	83,252	16,495	16,497
Accruals and deferred income	4,218,937	4,286,485	63,620	10,548
	<u>21,771,964</u>	<u>19,168,489</u>	<u>1,338,266</u>	<u>1,383,883</u>

The invoice discounting balance of £7,071,657 (2018: £5,918,754) is secured on certain trade debtors and stock of the group.

There is a charge in place over Contract Monies dated 31 January 2013.

A debenture is in place which includes a Fixed Charge over all present freehold and leasehold property; a First Fixed Charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; a First Floating Charge over all assets and undertakings both present and future dated 11 January 2013.

There is a Composite Company Unlimited Multilateral Guarantee given by Naylor Industries plc, Naylor Drainage Limited and Naylor Concrete Products Limited, dated 10 January 2013.

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

NAYLOR INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019

18. Creditors: Amounts falling due after more than one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	2,997,340	3,445,882	2,997,340	3,445,882
Net obligations under finance leases and hire purchase contracts	1,712,321	2,733,588	56,219	91,908
Government grants received	863,549	947,592	-	-
	<u>5,573,210</u>	<u>7,127,062</u>	<u>3,053,559</u>	<u>3,537,790</u>

Loans due in more than five years are repayable in monthly instalments at market rates of interest.

19. Loans

Included within the amounts above are amounts falling due as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Amounts falling due within one year				
Bank loans	860,500	946,437	860,500	946,437
Amounts falling due 1-2 years				
Bank loans	860,500	847,485	860,500	847,485
Amounts falling due 2-5 years				
Bank loans	1,365,865	1,495,050	1,365,865	1,495,050
Amounts falling due after more than 5 years				
Bank loans	770,975	1,103,347	770,975	1,103,347
	<u>3,857,840</u>	<u>4,392,319</u>	<u>3,857,840</u>	<u>4,392,319</u>

NAYLOR INDUSTRIES PLC

**NOTES TO THE FINANCIAL STATEMENTS
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20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Within one year	1,026,492	1,027,802	41,937	47,247
Between 1-5 years	1,718,450	2,687,960	56,219	91,908
Over 5 years	-	45,628	-	-
	<u>2,744,942</u>	<u>3,761,390</u>	<u>98,156</u>	<u>139,155</u>

The amounts owed in relation to obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

21. Financial instruments

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>11,250,018</u>	<u>9,381,706</u>	<u>882,635</u>	<u>1,379,993</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(15,724,093)</u>	<u>(15,008,802)</u>	<u>(3,937,955)</u>	<u>(4,779,501)</u>

Financial assets measured at amortised cost comprise cash and cash equivalents, trade and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade and other creditors and accruals.

NAYLOR INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019

22. Deferred taxation

Group

	2019 £	2018 £
At beginning of year	(821,024)	(993,351)
Charged to income statement	16,258	172,327
At end of year	(804,766)	(821,024)

Company

	2019 £	2018 £
At beginning of year	(274,000)	(355,000)
Charged to income statement	(27,353)	81,000
At end of year	(301,353)	(274,000)

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Accelerated capital allowances	(985,394)	(851,624)	-	-
Unrealised capital gains	(301,353)	(274,000)	(301,353)	(274,000)
Other short-term timing differences	481,981	304,600	-	-
	(804,766)	(821,024)	(301,353)	(274,000)

NAYLOR INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS
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23. Provisions

Group

	Provision for quarry restoration £	Dilapidations provision £	Total £
At 1 March 2018	584,559	534,534	1,119,093
Charged to profit or loss	-	39,422	39,422
Utilised in year	(89,579)	(347,534)	(437,113)
At 28 February 2019	<u>494,980</u>	<u>226,422</u>	<u>721,402</u>

Provision for quarry restoration

The estimated cost of restoring the quarry sites at the end of their producing lives, is based on internal engineering estimates. Provision is made for the estimated restoration costs at the balance sheet date based on mineral extraction and remaining mineral reserves. The payment dates of expected future restoration costs are uncertain, but are currently anticipated to be between 2019 and 2042.

Dilapidations Provision

The group has made provision for anticipated withdrawal and dilapidation costs in respect of certain leasehold premises whose leases are approaching expiry.

The company has no provisions.

24. Reserves

Share premium account

This reserve records the additional amounts received from the issue of share capital.

Revaluation reserve

This reserve comprises unrealised surpluses or deficits on the revaluation of properties.

Capital redemption reserve

This reserve comprises of the redemption or purchase and cancellation of the company's own shares.

Profit & loss account

This reserve records retained earnings and accumulated losses.

NAYLOR INDUSTRIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

25. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
407,895 (2018: 407,895) A Ordinary shares of £1 each	407,895	407,895
250,000 (2018: 250,000) B Ordinary shares of £1 each	250,000	250,000
137,300 (2018: 137,300) C Ordinary shares of £1 each	137,300	137,300
348,970 (2018: 348,970) Non voting shares of £1 each	348,970	348,970
3,901,030 (2018: 3,901,030) Deferred shares of £1 each	3,901,030	3,901,030
	<u>5,045,195</u>	<u>5,045,195</u>

The shares rate pari passu in all respects except as noted below;

The holders of the deferred shares shall not be entitled to receive any dividend or other distribution. On a return of capital on liquidation, or otherwise, the holders of the deferred shares shall only be entitled to the repayment of the nominal amount (excluding any premium) paid up on such shares after the repayment of the capital paid up, or credited as paid up, on all other classes of shares and the payment of £1,000,000 on every other share in issue in the capital of the company.

The holders of the deferred shares shall not be entitled to receive notice of, or to attend or vote at, any general meeting of the company.

The company may at its option, at any time, redeem all of the deferred shares then in use, at a price not exceeding a penny for each holding of the deferred shares so redeemed.

Dividends

Other than the deferred shares, each of the shares shall have an equal right to dividends payable by the company.

Voting

Subject to any other provisions noted below concerning voting rights, the A ordinary shares, B ordinary shares and C ordinary shares shall each confer on each holder of such shares, the right to receive notice of and to attend, speak and vote at all general meetings of the company and each such share shall carry one vote per share.

The holder of non-voting shares shall be entitled to receive notice of and to attend and speak at any general meetings of the company, but shall not be entitled to vote unless resolutions are to be proposed at such general meeting that will vary the rights attaching to the non-voting shares, in which case the non-voting shares shall carry one vote per share. The holder of deferred shares shall not be entitled to receive notice of and to attend and speak at any general meetings of the company unless resolutions are to be proposed at such general meetings that will vary the rights attaching to the deferred shares.

The C ordinary shares, as a class, shall be entitled to such additional number of votes as shall be equivalent to 95 per cent of all the votes capable of being exercised on a poll in the event of certain circumstances set out in the articles adopted on 30 January 2008.

NAYLOR INDUSTRIES PLC

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25. Share capital (continued)

Capital

On liquidation, or other return of capital, the surplus assets available after payment of the company's liabilities shall be distributed as follows:

First in paying to the holders of the equity shares the par value of such shares and any unpaid dividends on such shares;

Second, in distributing the balance amongst the holders of the equity shares as if the same constituted one class in proportion to the amounts paid up or credited as paid up thereon, respectively.

26. Contingent liabilities

A £40,000 guarantee is in place in favour of HMRC (2018: £40,000).

27. Pension commitments

The group operates a defined contribution pension scheme. During the year, contributions of £149,270 (2018: £132,514) were made to the scheme. At the year end, there were no contributions outstanding (2018: £Nil).

28. Commitments under operating leases

At 28 February 2019 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	<i>Group 2018 £</i>
Not later than 1 year	571,113	521,971
Between 1 and 5 years	1,110,573	941,246
Later than 5 years	40,242	7,035
	<u>1,721,928</u>	<u>1,470,252</u>

The company had no operating lease commitments (2018: £Nil).

29. Key management personnel

The total remuneration of key management personnel is £427,787 (2018: £440,192).

30. Related party transactions

There are no transactions which fall due for disclosure under FRS 102. Under the terms of FRS 102 the company is exempt from disclosing details of transactions and balances with wholly owned subsidiary undertakings.

NAYLOR INDUSTRIES PLC

**NOTES TO THE FINANCIAL STATEMENTS
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31. Controlling party

By virtue of his shareholding in the company at the year end, Edward Naylor is considered to be the ultimate controlling party.