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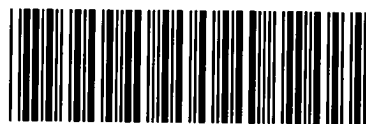
# **NAYLOR INDUSTRIES PLC**

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## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 29 FEBRUARY 2020**

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**NAYLOR INDUSTRIES PLC**

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**COMPANY INFORMATION**

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<b>Directors</b>	Edward Naylor David Fletcher Raymond Hadley (appointed 1 August 2020)
<b>Registered number</b>	02908579
<b>Registered office</b>	Clough Green Cawthorne Barnsley South Yorkshire S75 4AD
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor No 1 Whitehall Riverside Leeds West Yorkshire LS1 4BN
<b>Bankers</b>	HSBC Bank Plc South Yorkshire Commercial Centre 4 Europa Court Sheffield South Yorkshire S9 1XE
<b>Solicitors</b>	DLA Piper UK LLP Fountain Precinct Balm Green Sheffield South Yorkshire S1 1RZ

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**NAYLOR INDUSTRIES PLC**

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## NAYLOR INDUSTRIES PLC

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### CONSOLIDATED STRATEGIC REPORT FOR THE YEAR ENDED 29 FEBRUARY 2020

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#### Introduction

2019/20 was a challenging year: market conditions were difficult, with political and economic uncertainty continuing in the wake of the Brexit referendum's outcome. In addition, the Scottish market remained challenging, with an absence of major capital projects, and our Gardenware business continued to operate in a turbulent marketplace. Sales were maintained at the previous year's levels: an acceptable outcome under the circumstances, albeit one which compares to the double-digit turnover increase achieved in 2018/19. Notwithstanding static turnover, useful increases were achieved in terms of Gross Margin and Operating Profit.

The Group has undertaken a number of development projects over recent years which have been of benefit to the business' current financial performance and prospects:

- In 2015, our Concrete Products business relocated from a space-constrained leasehold site at Ossett to a new and much larger freehold site in Barugh Green, South Yorkshire
- In 2017, we relocated our Specialist Plastics factory at Wath to newly acquired and refurbished premises in Wombwell
- Also in 2017, we acquired White's (Concrete) Ltd, a manufacturer of tanks, panels and retaining walls
- In 2018, we disposed of our Polymer processing business
- In 2019, we opened a large diameter Twin Wall Drain factory on our Cawthorne site, allowing us to offer a more comprehensive range through to DN1050

These projects have helped lay the foundations for future growth.

#### Business review and financial and other key performance indicators

	2020	2019
Turnover growth (continuing activities)	0%	13%
Gross profit (continuing activities)	29%	27%
Operating profit before Exceptional items (continuing activities)	£3,188,449	£2,487,997
Turnover per employee	£146,220	£164,671
Stock	£7,538,599	£7,825,128

The Group achieved considerable sales growth during 2018/19, helped by new product sales. A comparable level of sales growth was not achievable in 2019/20 as a result of uncertain market conditions.

There was a notable increase in profitability both at Gross Margin and Operating Profit level, with increased efficiencies resulting from the capital investment of recent years. The Operating Margin was 5.7%, an improvement on the previous year's 4.5%. In the long term, the Directors are aiming for an Operating Margin of 10%.

Turnover per employee decreased significantly as a result of the increase in headcount from 336 to 380. This reflects the move towards permanent employees and away from agency personnel.

Stock levels were broadly in line with last year's, reflecting the similar sales volumes. All our businesses remain committed to maintaining good customer service.

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## **NAYLOR INDUSTRIES PLC**

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### **CONSOLIDATED STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020**

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#### **NAYLOR DRAINAGE LTD**

Turnover growth was modest during the year. Market conditions were difficult, with political and economic uncertainty continuing in the wake of the Brexit referendum's outcome. In addition, the Scottish market remained challenging, with an absence of major capital projects, and our Gardenware business continued to operate in a turbulent marketplace.

Margins and profitability improved, with manufacturing efficiencies resulting from recent capital investment, commercial teams exiting areas of unprofitable business and initiatives being launched to optimise transport cost. These contributed to the improvement in Operating Margin from 2.8% to 4.4%.

#### **NAYLOR CONCRETE PRODUCTS LTD**

Turnover was flat year on year, with challenging market conditions, particularly in the agricultural sector which is serviced by our White's Concrete business. Gross margins increased from 38% to 41% as a result of manufacturing improvements.

Since the year end, the business has been constructing a new £2m extruded lintel plant which was commissioned in August 2020.

#### **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.

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:

#### **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.

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**NAYLOR INDUSTRIES PLC**

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**CONSOLIDATED STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

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**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 25/9/2020 and signed on its behalf.

*Edward Naylor*

**Edward Naylor**  
Director

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**NAYLOR INDUSTRIES PLC**


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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 29 FEBRUARY 2020**


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The directors present their report and the financial statements for the year ended 29 February 2020.

**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 - clay sewerage and plastic non-pressure systems for drainage and ducting
- 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.

The business is based at Barugh Green.

**Results and dividends**

The profit for the year, after taxation, amounted to £2,344,346 (2019:£2,060,663).

Although sales were affected by uncertain market conditions, profitability progressed year on year, helped by the capital investments made over recent years.

No dividend was paid or is proposed in respect of the financial year ended 29 February 2020 (2019: £Nil).

**Directors**

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

	<b>A Ordinary shares of £1 each</b>		<b>B Ordinary shares of £1 each</b>		<b>C Ordinary shares of £1 each</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Edward Naylor	<b>248,855</b>	248,855	<b>250,000</b>	250,000	<b>137,300</b>	137,300
David Fletcher	<b>79,520</b>	79,520	-	-	-	-
Bridget Warner-Adsetts (resigned 6 March 2019)	<b>79,520</b>	79,520	-	-	-	-
Ruth Moran (resigned 31 July 2020)	-	-	-	-	-	-

Raymond Hadley was appointed as a director on 1 August 2020

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**NAYLOR INDUSTRIES PLC**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

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**Directors' responsibilities statement**

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

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.

**Future developments**

Since the year end, Naylor Concrete Products Ltd has been constructing a new £2m extruded lintel plant which was commissioned in August 2020. This will introduce cutting-edge automation into the business and increase capacity.

**Research & development**

Innovation remains important to the Group, with Naylor's businesses all being active in new product development and new product launches taking place throughout the year.

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. The Group has incurred expenditure qualifying for R&D tax relief in the year of £0.9m (2019: £1.5m).



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**NAYLOR INDUSTRIES PLC**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

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**Employee involvement**

As a fourth-generation family business, Employee involvement is important to the Naylor Group. The Group CEO leads 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, which ensures that Employees' interests are taken into account and allows them to have a voice on all major issues affecting the business. An action card tracker system encourages employees to contribute improvement ideas.

**Stakeholders**

Under S172 of the Companies Act 2006 (the Act), directors of UK companies have a duty to promote the success of their Group for the benefit of the members as a whole and, in doing so, have regard to:

- a. The likely consequences of any decision in the long term
- b. The interests of the Group's employees
- c. The need to foster the Group's business relationships with suppliers, customers and others
- d. The impact of the Group's operations on the community and the environment
- e. The desirability of the Group maintaining a reputation for high standards of business conduct, and
- f. The need to act fairly between members of the Group.

The Naylor Group is a fourth-generation family business which has built up business relationships with suppliers and customers over many years and which prizes its reputation for high standards of business conduct. The Group works particularly closely with its major Builders Merchant customers, with business development plans in place and regular review meetings serving as a means of monitoring progress against plan.

The Group aims to have good relations with the communities which are local to its business operations, supporting local charities and other community initiatives and undertaking specific projects such as helping local schoolchildren with interview training.

The Group aims to minimise its environmental footprint and a "Green Team" has driven initiatives to reduce energy consumption, achieve zero waste to landfill etc.

**Disabled employees**

Naylor's Equality Policy is at the heart of our commitment to equal opportunities for all in the Group. The rights of disabled persons and the responsibilities of the Group are embedded within this policy. The needs of disabled employees, including workplace modifications for example, are given priority and accommodated wherever possible.

**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's 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's and the Group's auditor is aware of that information.

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**NAYLOR INDUSTRIES PLC**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

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**Post balance sheet events**

From March 2020, the country was impacted by the onset of the coronavirus pandemic. As a result of this, the Group suspended:

- Scottish and Concrete manufacturing operations from late March; these were gradually reinstated from early May.
- Clay manufacturing operations from late April; these were gradually reinstated from early June.

All other manufacturing plants remained open, albeit some operating at a lower level of activity.

Although April and May demand was adversely affected by pandemic-related restrictions on construction activity, the Group maintained sales and order processing activities throughout this period. June 2020 marked the resumption of a more normal level of activity.

In August 2020, Naylor Concrete Products Ltd acquired the business and certain assets of concrete fencing manufacturer Procter Fencing for an initial consideration of not more than £561,000, comprising £61,000 for the Fixed Assets, £100,000 for Stock and £400,000 for Goodwill. The acquired business has an annual turnover of circa £3.3m and 32 employees.

**Going concern**

In April 2020, the Group undertook financial projections on a "worst case" scenario. Based on these, the group raised £2m of additional working capital finance from its bankers HSBC; this amount was enough to finance the business given these assumptions. These projections have been comfortably outperformed since their preparation, and as a consequence, the directors are confident that the business has the funding necessary to withstand the pandemic-related challenges faced by the company and the Group.

**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 25/9/2020 and signed on its behalf.

*Edward Naylor*

**Edward Naylor**  
Director



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

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### Opinion

We have audited the financial statements of Naylor Industries Plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 29 February 2020, 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 29 February 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We 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 and the parent 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

### The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's and company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Group's and company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Group and company associated with these particular events.



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

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### 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.

In our evaluation of the directors' conclusions, we considered the risks associated with the Group's and company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Group's and company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and company will continue in operation.

### 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 Consolidated 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 Consolidated strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.



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

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### **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 Consolidated strategic report and 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.

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

As explained more fully in the Directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.



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

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**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.

*Grant Thornton UK LLP*

Richard Hobson BA FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leeds  
Date: 25/9/2020

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**NAYLOR INDUSTRIES PLC**


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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 29 FEBRUARY 2020**


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	Note	2020 £	2019 £
Turnover	4	55,563,614	55,329,382
Cost of sales		(39,607,541)	(40,360,131)
<b>Gross profit</b>		<b>15,956,073</b>	<b>14,969,251</b>
Distribution costs		(5,448,893)	(6,287,641)
Administrative expenses		(7,223,004)	(6,193,613)
Exceptional administrative expenses	11	(95,727)	-
<b>Operating profit</b>	5	<b>3,188,449</b>	<b>2,487,997</b>
Interest payable	9	(443,908)	(443,592)
<b>Profit before taxation</b>		<b>2,744,541</b>	<b>2,044,405</b>
Tax on profit	10	(400,195)	16,258
<b>Profit for the financial year</b>		<b>2,344,346</b>	<b>2,060,663</b>
<b>Total comprehensive income for the year</b>		<b>2,344,346</b>	<b>2,060,663</b>
<b>Profit for the year attributable to:</b>			
Owners of the parent company		2,344,346	2,060,663

There were no recognised gains and losses for 2020 or 2019 other than those included in the consolidated statement of comprehensive income.

The notes on pages 24 to 47 form part of these financial statements.

**NAYLOR INDUSTRIES PLC**  
**REGISTERED NUMBER:02908579**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 29 FEBRUARY 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	12	25,888,188	25,124,380
		<u>25,888,188</u>	<u>25,124,380</u>
<b>Current assets</b>			
Stocks	14	7,538,599	7,825,128
Debtors: amounts falling due within one year	15	11,395,245	11,642,427
Cash at bank and in hand	16	520,954	236,009
		<u>19,454,798</u>	<u>19,703,564</u>
Creditors: amounts falling due within one year	17	(20,597,751)	(21,771,909)
<b>Net current liabilities</b>		<u>(1,142,953)</u>	<u>(2,068,345)</u>
<b>Total assets less current liabilities</b>		<u>24,745,235</u>	<u>23,056,035</u>
Creditors: amounts falling due after more than one year	18	(4,840,291)	(5,573,210)
<b>Provisions for liabilities</b>			
Deferred taxation	22	(1,204,961)	(804,766)
Other provisions	23	(398,980)	(721,402)
		<u>(1,603,941)</u>	<u>(1,526,168)</u>
<b>Net assets</b>		<u><u>18,301,003</u></u>	<u><u>15,956,657</u></u>



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**NAYLOR INDUSTRIES PLC**  
**REGISTERED NUMBER:02908579**

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 29 FEBRUARY 2020**

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	Note	2020 £	2019 £
<b>Capital and reserves</b>			
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	9,060,141	6,715,795
<b>Equity attributable to owners of the parent company</b>		<u><u>18,301,003</u></u>	<u><u>15,956,657</u></u>

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

25/9/2020

*Edward Naylor*

**Edward Naylor**  
Director

The notes on pages 24 to 47 form part of these financial statements.

**NAYLOR INDUSTRIES PLC**  
**REGISTERED NUMBER:02908579**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 29 FEBRUARY 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	12	9,658,760	9,837,088
Investments	13	1,058,220	1,058,220
		<u>10,716,980</u>	<u>10,895,308</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	15	507,693	883,262
Cash at bank and in hand	16	6,739	16,237
		<u>514,432</u>	<u>899,499</u>
Creditors: amounts falling due within one year	17	(1,046,160)	(1,338,266)
<b>Net current liabilities</b>		<u>(531,728)</u>	<u>(438,767)</u>
<b>Total assets less current liabilities</b>		<u>10,185,252</u>	<u>10,456,541</u>
Creditors: amounts falling due after more than one year	18	(2,928,833)	(3,053,559)
<b>Provisions for liabilities</b>			
Deferred taxation	22	(296,271)	(301,353)
		<u>(296,271)</u>	<u>(301,353)</u>
<b>Net assets</b>		<u><u>6,960,148</u></u>	<u><u>7,101,629</u></u>

**NAYLOR INDUSTRIES PLC**  
**REGISTERED NUMBER:02908579**

**COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 29 FEBRUARY 2020**

	Note	2020 £	2019 £
<b>Capital and reserves</b>			
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	97,230	238,711
		<u>6,960,148</u>	<u>7,101,629</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 in these financial statements. The loss after tax of the parent company for the year was £141,481 (2019: loss of £134,327).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25/9/2020

*Edward Naylor*

**Edward Naylor**  
 Director

The notes on pages 24 to 47 form part of these financial statements.

## NAYLOR INDUSTRIES PLC

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 March 2019	5,045,195	501,266	233	3,694,168	6,715,795	15,956,657
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	2,344,346	2,344,346
<b>Total comprehensive income for the year</b>	-	-	-	-	2,344,346	2,344,346
<b>Total transactions with owners</b>	-	-	-	-	-	-
<b>At 29 February 2020</b>	<b>5,045,195</b>	<b>501,266</b>	<b>233</b>	<b>3,694,168</b>	<b>9,060,141</b>	<b>18,301,003</b>

The notes on pages 24 to 47 form part of these financial statements.

NAYLOR INDUSTRIES PLC

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
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	2,060,663	2,060,663
<b>Total comprehensive income for the year</b>	-	-	-	-	2,060,663	2,060,663
<b>Total transactions with owners</b>	-	-	-	-	-	-
<b>At 28 February 2019</b>	<b>5,045,195</b>	<b>501,266</b>	<b>233</b>	<b>3,694,168</b>	<b>6,715,795</b>	<b>15,956,657</b>

The notes on pages 24 to 47 form part of these financial statements.

## NAYLOR INDUSTRIES PLC

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 29 FEBRUARY 2020

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 March 2019	5,045,195	501,266	233	1,316,224	238,711	7,101,629
Comprehensive income for the year						
Loss for the year	-	-	-	-	(141,481)	(141,481)
<b>Total comprehensive income for the year</b>	-	-	-	-	(141,481)	(141,481)
<b>Total transactions with owners</b>	-	-	-	-	-	-
<b>At 29 February 2020</b>	<b>5,045,195</b>	<b>501,266</b>	<b>233</b>	<b>1,316,224</b>	<b>97,230</b>	<b>6,960,148</b>

The notes on pages 24 to 47 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
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(134,327)	(134,327)
<b>Total comprehensive income for the year</b>	-	-	-	-	(134,327)	(134,327)
<b>Total transactions with owners</b>	-	-	-	-	-	-
<b>At 28 February 2019</b>	<b>5,045,195</b>	<b>501,266</b>	<b>233</b>	<b>1,316,224</b>	<b>238,711</b>	<b>7,101,629</b>

The notes on pages 24 to 47 form part of these financial statements.

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**NAYLOR INDUSTRIES PLC**


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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 29 FEBRUARY 2020**


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	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	2,344,346	2,060,663
<b>Adjustments for:</b>		
Depreciation of tangible assets	1,767,557	1,638,135
Loss on disposal of tangible assets	20,286	-
Amortisation of Government grants	(84,043)	(84,043)
Interest paid	443,908	443,592
Taxation charge	400,195	(16,258)
Decrease/(increase) in stocks	286,529	(1,102,847)
Decrease/(increase) in debtors	192,823	(2,147,576)
(Decrease)/increase in creditors	(2,793,168)	1,535,673
(Decrease) in provisions	(322,422)	(397,691)
Corporation tax received	-	10,523
<b>Net cash generated from operating activities</b>	<u>2,256,011</u>	<u>1,940,171</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(2,631,795)	(1,106,360)
Sale of tangible fixed assets	80,144	-
<b>Net cash from investing activities</b>	<u>(2,551,651)</u>	<u>(1,106,360)</u>



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**NAYLOR INDUSTRIES PLC**


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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 29 FEBRUARY 2020**


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	2020 £	2019 £
<b>Cash flows from financing activities</b>		
New secured loans	1,000,000	-
Repayment of loans	(475,012)	(535,791)
Repayment of finance leases	(393,938)	(1,029,642)
Receipts from invoice discounting	893,443	1,227,213
Interest paid	(291,388)	(280,307)
Hire purchase interest paid	(152,520)	(163,285)
<b>Net cash used in financing activities</b>	<u>580,585</u>	<u>(781,812)</u>
<b>Net increase in cash and cash equivalents</b>	<u>284,945</u>	<u>51,999</u>
Cash and cash equivalents at beginning of year	236,009	184,010
<b>Cash and cash equivalents at the end of year</b>	<u><u>520,954</u></u>	<u><u>236,009</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<u><u>520,954</u></u>	<u><u>236,009</u></u>

The notes on pages 24 to 47 form part of these financial statements.

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**NAYLOR INDUSTRIES PLC**


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**CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 29 FEBRUARY 2020**


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	<b>At 1 March 2019 £</b>	<b>Cash flows £</b>	<b>At 29 February 2020 £</b>
Cash at bank and in hand	236,009	284,945	520,954
Debt due after 1 year	(2,997,340)	78,789	(2,918,551)
Debt due within 1 year	(7,699,668)	(1,497,220)	(9,196,888)
Finance leases	(2,730,438)	393,938	(2,336,500)
	<u>(13,191,437)</u>	<u>(739,548)</u>	<u>(13,930,985)</u>

The notes on pages 24 to 47 form part of these financial statements.

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**NAYLOR INDUSTRIES PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

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**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 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.

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## NAYLOR INDUSTRIES PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

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## 2. Accounting policies (continued)

### 2.3 Going concern

The directors have prepared forecasts for the Group, and have a reasonable expectation that the company has adequate resources and available facilities to continue in operational existence for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

From March 2020, the country was impacted by the onset of the coronavirus pandemic. As a result of this, the Group suspended:

- Scottish and Concrete manufacturing operations from late March; these were gradually reinstated from early May.
- Clay manufacturing operations from late April; these were gradually reinstated from early June.

All other manufacturing plants remained open, albeit some operating at a lower level of activity.

Although April and May demand was adversely affected by pandemic-related restrictions on construction activity, the Group maintained sales and order processing activities throughout this period. June 2020 marked the resumption of a more normal level of activity.

In April 2020, the Group undertook financial projections on a "worst case" scenario. Based on these, the group raised £2m of additional working capital finance from its bankers HSBC; this amount was enough to finance the business given these assumptions. These projections have been comfortably outperformed since their preparation, and as a consequence, the directors are confident that the business has the funding necessary to withstand the pandemic-related challenges faced by the company and the Group.

### 2.4 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.

### 2.5 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.

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**NAYLOR INDUSTRIES PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

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**2. Accounting policies (continued)****2.5 Tangible fixed assets (continued)**

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
Leasehold property	- Over the life of the lease
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 profit or loss.

**2.6 Operating leases**

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

**2.7 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.8 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.

**2.9 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.

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**NAYLOR INDUSTRIES PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

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**2. Accounting policies (continued)****2.10 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.

**2.11 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.

**2.12 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.

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**NAYLOR INDUSTRIES PLC**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2020**

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**2. Accounting policies (continued)****2.13 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 profit or loss 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.

**2.14 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

**2.15 Finance costs**

Finance costs are charged to profit or loss 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.

**2.16 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.

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## NAYLOR INDUSTRIES PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

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## 2. Accounting policies (continued)

### 2.17 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 profit or loss 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.

### 2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.



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**NAYLOR INDUSTRIES PLC**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2020**


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**2. Accounting policies (continued)**
**2.19 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.

**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 2.5 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:

	2020 £	2019 £
United Kingdom	51,945,913	52,172,351
Rest of the World	3,617,701	3,157,031
	<u>55,563,614</u>	<u>55,329,382</u>

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**NAYLOR INDUSTRIES PLC**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2020**


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**5. Operating profit**

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

	2020 £	2019 £
Depreciation of tangible fixed assets	1,767,557	1,638,135
Exchange differences	24,642	19,411
Other operating lease rentals	590,251	357,915
Release of government grants	(84,043)	(84,043)
	<u>          </u>	<u>          </u>

**6. Auditor's remuneration**

	2020 £	2019 £
Fees payable to the Group's auditor for the audit of the Group's annual accounts	12,300	12,000
Fees payable to the Group's auditor for the audit of the subsidiary companies' annual accounts	25,700	25,200
Tax compliance services	21,500	25,250
Other accounting services	2,600	2,550
	<u>          </u>	<u>          </u>

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**NAYLOR INDUSTRIES PLC**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2020**


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**7. Employees**

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

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Wages and salaries	<b>10,159,937</b>	9,575,272	-	-
Social security costs	<b>897,030</b>	757,107	-	-
Cost of defined contribution scheme	<b>140,321</b>	149,270	-	-
	<b>11,197,288</b>	10,481,649	-	-

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

	<b>2020 No.</b>	<b>2019 No.</b>
Manufacturing	<b>271</b>	229
Trading	<b>88</b>	88
Central	<b>21</b>	19
	<b>380</b>	336

The Company had no employees other than the directors.

**8. Directors' remuneration**

	<b>2020 £</b>	<b>2019 £</b>
Directors' emoluments	<b>326,514</b>	370,144
Contributions to defined contribution pension schemes	<b>10,864</b>	14,536
	<b>337,378</b>	384,680

During the year retirement benefits were accruing to 2 directors (2019:3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £161,727 (2019:£151,055).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,416 (2019:£5,946).

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**NAYLOR INDUSTRIES PLC**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2020**


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**9. Interest payable**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank loan interest payable	<b>282,585</b>	272,063
Interest payable under finance leases and hire purchase contracts	<b>152,520</b>	163,285
Other interest payable	<b>8,803</b>	8,244
	<u><b>443,908</b></u>	<u><b>443,592</b></u>

**10. Taxation**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Total current tax</b>	<b>-</b>	<b>-</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>400,195</b>	141,897
Adjustments in respect of previous periods	<b>-</b>	(158,155)
<b>Total deferred tax (note 22)</b>	<u><b>400,195</b></u>	<u><b>(16,258)</b></u>
<b>Taxation on profit on ordinary activities</b>	<u><b>400,195</b></u>	<u><b>(16,258)</b></u>

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**NAYLOR INDUSTRIES PLC**


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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than *(2019: lower than)* the standard rate of corporation tax in the UK of 19% *(2019: 19%)*. The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>2,744,541</u>	<u>2,044,405</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% <i>(2019: 19%)</i>	521,463	388,437
<b>Effects of:</b>		
Expenses not deductible for tax purposes	107,446	50,285
Adjustments to tax charge in respect of prior periods	-	(158,155)
Additional deduction for R&D expenditure	(168,746)	(280,133)
Rate difference	(48,440)	(16,692)
Deferred tax not recognised	(11,528)	-
<b>Total tax charge for the year</b>	<u><u>400,195</u></u>	<u><u>(16,258)</u></u>

**Factors that may affect future tax charges**

In the Spring Budget 2020, the Government announced that from 1 April 2020, the corporation tax rate would remain at 19%, rather than reducing to 17% as previously enacted. This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at 29 February 2020, its effects have not been included in these financial statements.

**11. Exceptional items**

	2020 £	2019 £
Exceptional commissioning costs	<u>95,727</u>	<u>-</u>

**Commissioning costs**

These costs relate to the installation of a new extruded lintel plant.

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NAYLOR INDUSTRIES PLC

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NOTES TO THE FINANCIAL STATEMENTS  
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## 12. Tangible fixed assets

## Group

	Freehold property £	Plant & machinery £	Fixtures & fittings £	Assets under construction £	Total £
<b>Cost or valuation</b>					
At 1 March 2019	9,800,000	32,499,466	502,381	715,677	43,517,524
Additions	-	-	-	2,631,795	2,631,795
Disposals	-	(1,203,103)	-	(5,931)	(1,209,034)
Transfers between classes	-	1,821,895	35,348	(1,857,243)	-
At 29 February 2020	9,800,000	33,118,258	537,729	1,484,298	44,940,285
<b>Depreciation</b>					
At 1 March 2019	274,881	17,615,882	502,381	-	18,393,144
Charge for the year	164,765	1,088,237	12,042	-	1,265,044
Charge for the year on financed assets	-	502,513	-	-	502,513
Disposals	-	(1,108,604)	-	-	(1,108,604)
At 29 February 2020	439,646	18,098,028	514,423	-	19,052,097
<b>Net book value</b>					
At 29 February 2020	9,360,354	15,020,230	23,306	1,484,298	25,888,188
At 28 February 2019	9,525,119	14,883,584	-	715,677	25,124,380

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**12. Tangible fixed assets (continued)**

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Plant and machinery	<b>8,562,717</b>	<b>8,976,550</b>

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:

	2020 £	2019 £
<b>Group</b>		
Cost	<b>8,921,915</b>	<b>8,921,915</b>
Accumulated depreciation	<b>(1,911,160)</b>	<b>(1,806,569)</b>
<b>Net book value</b>	<b>7,010,755</b>	<b>7,115,346</b>

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**NAYLOR INDUSTRIES PLC**


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**Company**

	Freehold land and buildings £	Plant & machinery £	Total £
<b>Cost or valuation</b>			
At 1 March 2019	9,800,000	339,097	10,139,097
At 29 February 2020	9,800,000	339,097	10,139,097
<b>Depreciation</b>			
At 1 March 2019	274,881	27,128	302,009
Charge for the year	164,765	-	164,765
Charge for the year on financed assets	-	13,563	13,563
At 29 February 2020	439,646	40,691	480,337
<b>Net book value</b>			
At 29 February 2020	9,360,354	298,406	9,658,760
At 28 February 2019	9,525,119	311,969	9,837,088

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:

	2020 £	2019 £
<b>Company</b>		
Cost	8,921,915	8,921,915
Accumulated depreciation	(1,911,160)	(1,806,569)
<b>Net book value</b>	7,010,755	7,115,346



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**13. Fixed asset investments****Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost</b>	
At 1 March 2019	<b>1,058,220</b>
At 29 February 2020	<b>1,058,220</b>
<b>Net book value</b>	
At 29 February 2020	<b>1,058,220</b>
At 28 February 2019	<b>1,058,220</b>

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

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

\* 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.

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**14. Stocks**

	<b>Group 2020 £</b>	<i>Group 2019 £</i>
Raw materials and consumables	1,975,291	2,464,247
Work in progress	112,354	86,184
Finished goods and goods for resale	5,450,954	5,274,697
	<u>7,538,599</u>	<u>7,825,128</u>

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

**15. Debtors**

	<b>Group 2020 £</b>	<i>Group 2019 £</i>	<b>Company 2020 £</b>	<i>Company 2019 £</i>
Trade debtors	10,895,189	11,018,156	-	-
Amounts owed by group undertakings	-	-	507,565	882,635
Other debtors	178,139	232,489	128	627
Prepayments and accrued income	321,917	391,782	-	-
	<u>11,395,245</u>	<u>11,642,427</u>	<u>507,693</u>	<u>883,262</u>

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**

	<b>Group 2020 £</b>	<i>Group 2019 £</i>	<b>Company 2020 £</b>	<i>Company 2019 £</i>
Cash at bank and in hand	520,954	236,009	6,739	16,237

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**17. Creditors: Amounts falling due within one year**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Bank loans	<b>1,464,277</b>	860,500	<b>464,277</b>	860,500
Trade creditors	<b>3,852,826</b>	7,474,009	-	-
Government grants	<b>84,043</b>	84,043	-	-
Amounts owed to group undertakings	-	-	<b>365,703</b>	360,138
Corporation tax	<b>10,523</b>	10,523	-	3,016
Other taxation and social security	<b>739,885</b>	801,256	-	-
Obligations under finance leases and hire purchase contracts	<b>1,194,264</b>	1,018,117	<b>45,937</b>	34,497
Proceeds of invoice discounting facilities	<b>7,910,750</b>	7,071,657	-	-
Other creditors	<b>209,448</b>	232,867	-	16,495
Accruals and deferred income	<b>5,131,735</b>	4,218,937	<b>170,243</b>	63,620
	<b><u>20,597,751</u></b>	<u>21,771,909</u>	<b><u>1,046,160</u></b>	<u>1,338,266</u>

The invoice discounting balance of £7,910,750 (2019: £7,071,657) 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.

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NAYLOR INDUSTRIES PLC

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 29 FEBRUARY 2020

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

	<b>Group 2020 £</b>	<i>Group 2019 £</i>	<b>Company 2020 £</b>	<i>Company 2019 £</i>
Bank loans	2,918,551	2,997,340	2,918,551	2,997,340
Obligations under finance leases and hire purchase contracts	1,142,236	1,712,321	10,282	56,219
Government grants received	779,504	863,549	-	-
	<u>4,840,291</u>	<u>5,573,210</u>	<u>2,928,833</u>	<u>3,053,559</u>

Loans due in more than five years are repayable in monthly instalments at market rates of interest, being 2.5% above base rate, 3% above base rate and 4.19% fixed respectively.

## 19. Loans

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

	<b>Group 2020 £</b>	<i>Group 2019 £</i>	<b>Company 2020 £</b>	<i>Company 2019 £</i>
<b>Amounts falling due within one year</b>				
Bank loans	1,464,277	860,500	464,277	860,500
<b>Amounts falling due 1-2 years</b>				
Bank loans	464,277	860,500	464,277	860,500
<b>Amounts falling due 2-5 years</b>				
Bank loans	1,392,832	1,365,865	1,392,832	1,365,865
<b>Amounts falling due after more than 5 years</b>				
Bank loans	1,061,442	770,975	1,061,442	770,975
	<u>4,382,828</u>	<u>3,857,840</u>	<u>3,382,828</u>	<u>3,857,840</u>

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**20. Hire purchase and finance leases**

Minimum lease payments under hire purchase fall due as follows:

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
Within one year	<b>1,194,264</b>	<b>1,018,117</b>	<b>45,937</b>	<b>41,937</b>
Between 1-5 years	<b>1,037,252</b>	<b>1,712,321</b>	<b>10,282</b>	<b>56,219</b>
Over 5 years	<b>104,884</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b><u>2,336,400</u></b>	<b><u>2,730,438</u></b>	<b><u>56,219</u></b>	<b><u>98,156</u></b>

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**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Company 2020 £</b>	<b>Company 2019 £</b>
<b>Financial assets</b>				
Financial assets measured at amortised cost	<b><u>11,594,282</u></b>	<b><u>11,486,648</u></b>	<b><u>514,432</u></b>	<b><u>899,499</u></b>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<b><u>(24,086,087)</u></b>	<b><u>(25,585,748)</u></b>	<b><u>(3,969,428)</u></b>	<b><u>(4,388,809)</u></b>

Financial assets measured at amortised cost comprise cash and cash equivalents, trade and other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise bank loans, trade and other creditors, obligations under finance leases and hire purchase contracts, proceeds of invoice discounting facilities, other creditors, amounts owed to group undertakings, and accruals.

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## 22. Deferred taxation

## Group

	2020 £	2019 £
At beginning of year	804,766	821,024
Charged to income statement (note 10)	400,195	(16,258)
<b>At end of year</b>	<b>1,204,961</b>	<b>804,766</b>

## Company

	2020 £	2019 £
At beginning of year	301,353	274,000
Charged to income statement	(5,082)	27,353
<b>At end of year</b>	<b>296,271</b>	<b>301,353</b>

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Accelerated capital allowances	1,195,811	985,394	-	-
Unrealised capital gains	299,778	301,353	299,778	301,353
Other short-term timing differences	(290,628)	(481,981)	(3,507)	-
	<b>1,204,961</b>	<b>804,766</b>	<b>296,271</b>	<b>301,353</b>

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**23. Provisions****Group**

	Provision for quarry restoration £	Dilapid- ations provision £	Total £
At 1 March 2019	494,980	226,422	721,402
Charged to profit or loss	-	35,578	35,578
Utilised in year	(358,000)	-	(358,000)
<b>At 29 February 2020</b>	<b>136,980</b>	<b>262,000</b>	<b>398,980</b>

**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 statement of financial position date based on mineral extraction and remaining mineral reserves. The payment dates of total expected future restoration costs are uncertain, but are currently anticipated to be between 2020 and 2042.

**Dilapidations provision**

The Group has made provision for anticipated withdrawal and dilapidation costs in respect of certain leasehold premises in Tipton and Methil. There is no intention to exit the current sites in the immediate future.

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 arises as a result of the redemption or purchase and cancellation of the company's own shares.

**Profit & loss account**

This reserve records retained earnings and accumulated losses.

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**25. Share capital**

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
407,895 (2019:407,895) A Ordinary shares of £1 each	407,895	407,895
250,000 (2019:250,000) B Ordinary shares of £1 each	250,000	250,000
137,300 (2019:137,300) C Ordinary shares of £1 each	137,300	137,300
348,970 (2019:348,970) Non voting shares of £1 each	348,970	348,970
3,901,030 (2019:3,901,030) 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.



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**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 (2019: £40,000).

**27. Capital commitments**

At 29 February 2020 the Group had capital commitments as follows:

	<b>Group 2020 £</b>	<i>Group 2019 £</i>
Contracted but not provided for in these financial statements	<b>1,000,299</b>	-

**28. Pension commitments**

The Group operates a defined contribution pension scheme. During the year, contributions of £140,321 (2019: £149,270) were made to the scheme. At the year end, there were no contributions outstanding (2019: £Nil).

**29. Commitments under operating leases**

At 29 February 2020 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2020 £</b>	<i>Group 2019 £</i>
Not later than 1 year	<b>586,737</b>	571,113
Between 1 and 5 years	<b>894,993</b>	1,110,573
Later than 5 years	<b>15</b>	40,242
	<b>1,481,745</b>	1,721,928

The company had no operating lease commitments (2019: £Nil).

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**30. Key management personnel**

The total remuneration of key management personnel is £380,738 (2019: £427,787).

**31. 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.

During the year the Group entered into transactions with the Clay Pipe Development Association, an entity with a common director, of which a subsidiary company is a subscribing member. The amount due to that entity at the year end was £8,397.

**32. Subsequent events**

From March 2020, the country was impacted by the onset of the coronavirus pandemic. As a result of this, the Group suspended:

- Scottish and Concrete manufacturing operations from late March; these were gradually reinstated from early May.
- Clay manufacturing operations from late April; these were gradually reinstated from early June.

All other manufacturing plants remained open, albeit some operating at a lower level of activity.

Although April and May demand was adversely affected by pandemic-related restrictions on construction activity, the Group maintained sales and order processing activities throughout this period. June 2020 marked the resumption of a more normal level of activity.

In April 2020, the Group undertook financial projections on a "worst case" scenario. Based on these, the group raised £2m of additional working capital finance from its bankers HSBC; this amount was enough to finance the business given these assumptions. These projections have been comfortably outperformed since their preparation, and as a consequence, the directors are confident that the business has the funding necessary to withstand the pandemic-related challenges faced by the company and the Group.

Since the year end, Naylor Concrete Products Ltd has been constructing a new £2m extruded lintel plant which was commissioned in August 2020.

**33. Controlling party**

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