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NAYLOR INDUSTRIES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2021

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NAYLOR INDUSTRIES PLC

COMPANY INFORMATION

Directors	Edward Naylor David Fletcher Raymond Hadley (appointed 1 August 2020)
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 UK LLP Fountain Precinct Balm Green Sheffield South Yorkshire S1 1RZ

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NAYLOR INDUSTRIES PLC

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CONSOLIDATED STRATEGIC REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2021

Introduction

2020/21 was a difficult year, with the businesses and markets operated and serviced by the Group being affected by the Covid 19 pandemic.

The initial stages of the pandemic in March 2020 were particularly challenging with the management team having to steer a course between keeping everyone safe but remaining open to service customers many of whom were engaged in healthcare and other essential construction activity. We were particularly proud of the work carried out by our Wombwell ducting and cable filler teams who were at the centre of our response to the pandemic: both worked tirelessly to manufacture product required by the temporary hospital in Milan and the UK's Nightingale hospital network.

Construction remains the most important sector to the Group, and the fact that construction activity largely continued throughout the pandemic - in contrast to other sectors (hospitality, travel) which were largely shut down- led to a reduced impact on turnover. Other parts of our business were more directly impacted - Garden Centres were forced to close at the start of the pandemic, but experienced booming demand on reopening, and there was some variation in trading restrictions between different parts of the UK. The fact that overall Group sales fell just 7% year on year is a reversal of the growth of recent years, but under the circumstances is seen as a reasonable performance.

Employee safety has remained an absolute priority throughout the year. Office based staff have been working from home where practicable; videoconferencing has been widely adopted for internal and external meetings; in manufacturing, we have mitigated risk by the introduction of social distancing, work "bubbles", face coverings and temperature checks.

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

Our Concrete Products business moved from space constrained premises in Ossett to a much larger freehold site at Barugh Green (2015), completed the acquisitions of White's Concrete (2017) and Procter Fencing (2020) and installed a new £2m automated Lintel manufacturing plant (2020).

Our Drainage business relocated its Wath Specialist Plastics factory to much larger freehold premises in Wombwell (2017) and opened a large diameter Twin Wall Drain factory at Cawthorne (2019)

These projects have helped lay the foundations for future growth.

Business review and financial and other key performance indicators

	2021	2020
Turnover growth	**(7)%**	0%
Gross profit	**31%**	29%
Operating profit before Exceptional items	**£4,393,249**	£3,284,176
Turnover per employee	**£138,941**	£146,220
Stock	**£8,122,492**	£7,538,599

2020/21 was a challenging year, with the market serviced by the company being affected by the Covid 19 pandemic.

The onset of the Covid 19 pandemic had the following impacts on manufacturing operations in the Group's Drainage and Concrete subsidiaries:

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Drainage suspended:
- Scottish 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.

Concrete suspended manufacturing operations from late March; these were gradually reinstated from early May.

Although April and May demand was adversely affected by pandemic-related restrictions on construction activity, both businesses maintained sales and order processing activities throughout this period. June 2020 marked the resumption of a more normal level of activity, but the lost turnover during the first quarter resulted in a year-on-year sales decline of 7%.

Margins and profitability improved with restructuring activities in Naylor Drainage helping to reshape the company's cost base in the face of the pandemic. Exceptional costs of £1,069,164 (2020: £95,727) were incurred of which £223,783 related to reorganisation costs. Offsetting these exceptional costs were revenues derived from the Coronavirus Job Retention ("Furlough") Scheme of £1,135,976. The improvement in Operating Margin from 5.7% to 6.4% is a useful step towards the Directors' long-term target of an Operating Margin of 10%.

Turnover per employee was broadly flat, with a decrease in headcount from 380 to 372 as a result of the restructuring activity referenced above being offset by the Covid-related turnover decline.

Stock levels increased 8%, reflecting the improved market conditions towards the end of the financial year.

NAYLOR DRAINAGE LIMITED
Lost turnover during the first quarter resulted in a year-on-year sales decline of 8%, with our Clayware business particularly badly affected.

Margins and profitability improved with restructuring activities helping to reshape the company's cost base in the face of the pandemic.

NAYLOR CONCRETE PRODUCTS LIMITED
June 2020 marked the resumption of a more normal level of activity, and whilst first quarter turnover was down by 55%, the final reduction of 1% year on year was satisfactory under difficult circumstances, including the effect of the acquisition of Procter Fencing in August 2020.

Margins and profitability suffered as a result of the pandemic as well as preparation/commissioning work in respect of our new extruded lintel plant, which was commissioned in August 2020.

Principal risks and uncertainties

The principal risks affecting the business are considered to be the following:

Risk Description: Health and Safety

Impact – Potential injuries to our employees etc.

Mitigation – We recognise that some of our operations have safety risks and with this in mind, the Group puts this at the top of its agenda. The Group mitigates risk by having strict health and safety procedures in place, continually reviewing their impact and following best practice, supported by third party independent reviews and audits. Specific measures have been introduced to address the risks posed by the recent pandemic.

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Risk Description: Environmental

Impact – Pollution of the environment and subsequent financial penalties.

Mitigation – The Group strives to achieve environmental best practice across its operations. To achieve this, policies, procedures and performance are kept under continuous review.

Risk Description: Plant reliability

Impact – Potential interruption to production and operations.

Mitigation – Plant reliability is essential to the on-going and efficient operation of the business; as such, there is proactive ongoing preventative maintenance performed by a skilled team of staff, along with continued investment in plant to help minimise downtime and maximise operational efficiency.

Risk Description: UK Construction Industry downturn

Impact: Potential downturn in revenue

Mitigation: The Group has diversified over recent times, reducing its exposure to a single product or market. This has included development of sales into non-construction markets as well as the development of an overseas customer base.

Risk Description: Competitive pressure

Impact: Potential debasing of profitability

Mitigation: The Group's philosophy is to invest heavily in modern, automated production equipment, ensuring that its production processes remain cost-effective and its competitive position is maintained.

Risk Description: Raw material prices or availability

Impact: Potential increase in production cost and/or lack of material for manufacturing processes.

Mitigation: Plastic 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 Plastic businesses carry raw material stocks sufficient to maintain production in the face of short-term material supply shortages.

Risk Description: Short-term liquidity risk (eg from Seasonal and/or weather-related reductions in activity)

Impact: December and January are traditionally low activity months for all the Group's businesses; in addition, adverse weather can also impact short-term customer demand and/or ability to maintain production. Given that the Group uses Invoice Discounting as part of its financing model, this may affect the Group's short-term cash flow.

Mitigation: The Group's cash flow forecasting and treasury management ensure that sufficient headroom is maintained on its banking facilities to cover seasonal or weather-related impacts.
Short-term liquidity risk is also addressed by the Group's policy of financing material capital investment via finance leases and through arranging longer-term facilities for longer-term elements of the Group's financial structure.

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Risk Description: Exchange & interest rate movements

Impact: Potentially adverse impact on the Group's profitability

Mitigation: Historically, the Group's exposure to exchange rates has been mitigated by its both buying and selling goods internationally- typically in either US Dollars or Euros. Where a material exposure is anticipated- such as where a significant piece of capital equipment is being acquired- the Group may forward buy or sell the related currency to mitigate its exposure.

The Group maintains a fixed rate element to its indebtedness to reduce its exposure to interest rate movements.

Risk Description: Credit risk

Impact: Potential bad debt exposure

Mitigation: The Group has no significant concentration of credit risk, with exposure spread over a large number of customers and credit insurance covering much of the debtor book. Credit risk is managed by monitoring exposures in excess of insurance cover, taking into account such factors as credit rating and payment record.

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.

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.

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.

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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 19/8/2021 and signed on its behalf.

Edward Naylor

Edward Naylor
Director

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DIRECTORS' REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2021

The directors present their report and the financial statements for the year ended 28 February 2021.

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 Limited, whose primary activities are the manufacture and sale of:
- Pipes - clay sewerage and plastic non-pressure 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 Limited, whose activity is the manufacture of pre-stressed and precast concrete products: lintels and panels, retaining walls and tanks, and latterly fence posts.

The business is based at Barugh Green and Garforth.

Results and dividends

The profit for the year, after taxation, amounted to £2,391,865 *(2020 - £2,344,346)*.

Although sales were affected by the pandemic, profitability held up well, helped by measures to reshape the cost base as well as efficiencies resulting from capital investments made over recent years.

No dividend was paid or proposed in respect of the financial year ended 28 February 2021 (2020: £Nil)

Directors

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

	A Ordinary shares of £1 each		B Ordinary shares of £1 each		C Ordinary shares of £1 each	
	2021	*2020*	**2021**	*2020*	**2021**	*2020*
Edward Naylor	**715,675**	*248,855*	-	*250,000*	-	*137,300*
David Fletcher	**79,520**	*79,520*	-	-	-	-
Ruth Moran (resigned 31 July 2020)	-	-	-	-	-	-
Raymond Hadley (appointed 1 August 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 of the Company and the Group 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 and Company 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

Naylor Drainage Limited is investing in a Combined Heat and Power (CHP) plant to address the issue of frequent power cuts on its Cawthorne site; the plant will become operational in Autumn 2021.

With effect from 1 March 2021, our bespoke extrusions business based at Tipton and Wombwell, formerly part of Naylor Drainage Limited, has been transferred into a separate limited entity, Naylor Specialist Plastics Limited. This company remains part of the Naylor Group as a 100% subsidiary of Naylor Industries plc.

On 4 August 2021, Naylor Specialist Plastics Limited acquired 100% of the issued share capital of Schauenburg Technical Solutions Limited, a manufacturer of permanent formwork, pultrusions and ventilation duct, for cash consideration of £1.1m.

Going concern

As set out in more detail in note 2.3 to the financial statements, the directors have prepared forecasts for the Group and believe that, after taking account of reasonably possible changes in trading performance, the Group will continue to have adequate resources to continue to meet its obligations as they fall due for at least the twelve months from the date of approval of these financial statements. The directors therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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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.

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.

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Greenhouse gas emissions, energy consumption and energy efficiency action

The Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2018 requires Naylor Industries plc to disclose annual UK energy consumption and Greenhouse Gas (GHG) emissions from SECR regulated sources. Energy and GHG emissions have been independently calculated by Envantage Ltd for the reporting period 1 March 2020 to 28 February 2021.

Reported energy and GHG emissions data is compliant with SECR requirements and has been calculated in accordance with the GHG Protocol and SECR guidelines. Energy and GHG emissions are reported from buildings and transport where operational control is held – this includes electricity, natural gas and business travel in company-owned or grey fleet vehicles.

The table below details the regulated SECR energy and GHG emission sources from the current reporting period. As this is the first year of reporting, no comparison to previous years has been disclosed.

Energy (kWh)	**1 March 2020 to 28 February 2021**
Natural gas	44,435,734
LPG	15,290
Company vehicles	138,117
Electricity	15,921,722
Total energy (kWh)	**60,510,863**
Emissions (tCO2e)	
Natural gas	8,170.4
LPG	3.3
Company vehicles	34.2
Electricity (location based)	3,712.0
Electricity (market-based) in tCO2e	*24.8*
Total SECR emissions (tCO"e)*	**11,919.9**
Intensity metric	
SECR emissions per intensity metric (tCO2e/ FTE)	32.22

* uses location-based electricity emissions

Naylor Industries plc are committed to reducing their environmental impact and contribution to climate change through increased energy management and awareness and changes to operational procedures. During the reporting period, the major manufacturing sites at Cawthorne and Tipton have applied and assented to Climate Change Agreements (CCAs), which have established energy efficiency targets to achieve over the coming years.

In addition to the CCAs, Naylor Industries plc have undertaken energy audits on their sites in addition to a wider quantification of their upstream and downstream GHG emissions. Both demonstrate a commitment to energy efficiency, and wider GHG quantification is an important step to understand the impact of Naylor Industries plc on the environment, not only in their direct operations but also their value chain.

Data Records & Methodology

GHG emissions have been calculated using emissions factors published by BEIS in 2020. Electricity emissions are reported using both location and market-based factors. Location-based emissions have been calculated using the UK grid emissions factor published by BEIS, and market-based emissions have been calculated using supplier-specific fuel mix disclosures, in gCO2/kWh, for 2020 representing the contractual arrangements in place. All electricity and natural gas emissions have been calculated using metered kWh consumption taken from supplier fiscal invoices. The majority of the LPG emissions were taken from fiscal invoices, however the LPG usage at Barugh Green was estimated based upon the likely usage of 8 cylinders during the reporting period.

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Transport emissions have been calculated using business mileage expense claims made in 2020. It has been assumed that the mileage in Q1 of 2020 is equivalent to Q1 of 2021. For the commercial vehicles, it was assumed each used diesel as their fuel, while for the company passenger vehicles, no data on the fuel types was provided. The mileage was converted into GHG emissions and equivalent kWh consumption using the emissions factors for unknown fuel and unknown engine sizes published by BEIS in 2020.

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.

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 19/8/2021 and signed on its behalf.

Edward Naylor

Edward Naylor
Director

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Grant Thornton

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 2021, 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 2021 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and of the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group and the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and of the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and of the parent company's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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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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 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.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement, 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.

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Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- We identified areas of laws and regulations, where the consequence of non-compliance could reasonably be expected to have a material effect on the financial statements, from our general commercial and sector experience and through discussions with group management. We corroborated the results of our enquiries with those charged with governance and to supporting documentation such as board minute reviews and our legal and professional expenses review.

  We determined that the laws and regulations most directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland', the Companies Act 2006) and relevant tax legislation in the UK.

- In addition, we concluded that there are certain significant laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material impact if non-compliance were to occur; health and safety regulations, employment law and anti-bribery legislation.

  We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by making enquiries of management and those charged with governance, and updating our understanding of the group's operations, financial reporting obligations and control environment, including around compliance with laws and regulations. We considered the risk of fraud to be higher through the potential for management override of controls.

- Audit procedures performed by the engagement team included:
  - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud, particularly around journal processing;
  - Journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business;
  - Challenging assumptions and judgements made by management relating to its areas of significant estimation and judgement;
  - Reviewing legal and professional expenditure in the year to assess for any indicators of non-compliance with relevant laws and regulations;
  - Identifying and testing related party transactions.

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

  - knowledge of the industry in which the company operates and understanding of, and practical

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experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
- understanding of the legal and regulatory requirements specific to the company.

All team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of companies of a similar size and complexity, appropriate to their role within the team.

- We did not identify any material matters relating to non-compliance with laws and regulation or relating to fraud.

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
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds
Date: 19/8/2021

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2021

	Note	2021 £	2020 £
Turnover	4	**51,686,222**	*55,563,614*
Cost of sales		**(35,794,323)**	*(39,607,541)*
Gross profit		**15,891,899**	*15,956,073*
Distribution costs		**(5,486,754)**	*(5,448,893)*
Administrative expenses		**(7,147,872)**	*(7,223,004)*
Exceptional administrative expenses	12	**(1,069,164)**	*(95,727)*
Other operating income	5	**1,135,976**	-
Operating profit	6	**3,324,085**	*3,188,449*
Interest payable	10	**(371,789)**	*(443,908)*
Profit before taxation		**2,952,296**	*2,744,541*
Tax on profit	11	**(560,431)**	*(400,195)*
Profit for the financial year		**2,391,865**	*2,344,346*
Revaluation of freehold property		**1,454,411**	-
Deferred tax in respect of revaluation of freehold property		**(276,338)**	-
Other comprehensive income for the year		**1,178,073**	-
Total comprehensive income for the year		**3,569,938**	*2,344,346*
Profit for the year attributable to:			
Owners of the parent company		**2,391,865**	*2,344,346*
Total comprehensive income for the year attributable to:			
Owners of the parent company		**3,569,938**	*2,344,346*

The notes on pages 28 to 55 form part of these financial statements.

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NAYLOR INDUSTRIES PLC
REGISTERED NUMBER:02908579

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2021

	Note		2021 £		*2020 £*
Fixed assets					
Tangible assets	14		**29,004,414**		*25,888,188*
			29,004,414		*25,888,188*
Current assets					
Stocks	16	**8,122,492**		*7,538,599*	
Debtors	17	**11,291,514**		*11,395,245*	
Cash at bank and in hand	18	**195,998**		*520,954*	
		19,610,004		*19,454,798*	
Creditors: amounts falling due within one year	19	**(18,558,431)**		*(20,597,751)*	
Net current assets/(liabilities)			**1,051,573**		*(1,142,953)*
Total assets less current liabilities			**30,055,987**		*24,745,235*
Creditors: amounts falling due after more than one year	20		**(5,543,274)**		*(4,840,291)*
Provisions for liabilities					
Deferred taxation	24	**(2,040,582)**		*(1,204,961)*	
Other provisions	25	**(601,190)**		*(398,980)*	
			(2,641,772)		*(1,603,941)*
Net assets			**21,870,941**		*18,301,003*

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 28 FEBRUARY 2021

	Note	2021 £	*2020 £*
Capital and reserves			
Called up share capital	27	**1,144,165**	*5,045,195*
Share premium account	26	**501,266**	*501,266*
Revaluation reserve	26	**4,872,241**	*3,694,168*
Capital redemption reserve	26	**3,901,263**	*233*
Profit and loss account	26	**11,452,006**	*9,060,141*
Equity attributable to owners of the parent company		**21,870,941**	*18,301,003*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19/8/2021

Edward Naylor

Edward Naylor
Director

The notes on pages 28 to 55 form part of these financial statements.

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NAYLOR INDUSTRIES PLC
REGISTERED NUMBER:02908579

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2021

	Note		2021 £		*2020 £*
Fixed assets					
Tangible assets	14		**10,945,788**		*9,658,760*
Investments	15		**1,058,220**		*1,058,220*
			12,004,008		*10,716,980*
Current assets					
Debtors	17	**1,294,527**		*507,693*	
Cash at bank and in hand	18	**41,494**		*6,739*	
		1,336,021		*514,432*	
Creditors: amounts falling due within one year	19	**(1,230,172)**		*(1,046,160)*	
Net current assets/(liabilities)			**105,849**		*(531,728)*
Total assets less current liabilities			**12,109,857**		*10,185,252*
Creditors: amounts falling due after more than one year	20		**(2,666,960)**		*(2,928,833)*
Provisions for liabilities					
Deferred taxation			**(605,549)**		*(296,271)*
Net assets			**8,837,348**		*6,960,148*

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COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 28 FEBRUARY 2021

	Note	2021 £	*2020 £*
Capital and reserves			
Called up share capital	27	**1,144,165**	*5,045,195*
Share premium account	26	**501,266**	*501,266*
Revaluation reserve	26	**2,494,297**	*1,316,224*
Capital redemption reserve	26	**3,901,263**	*233*
Profit and loss account	26	**796,357**	*97,230*
		8,837,348	*6,960,148*

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 profit after tax of the parent company for the year was £699,127 *(2020: loss of £141,481).*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19/8/2021

Edward Naylor

Edward Naylor
Director

The notes on pages 28 to 55 form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2021

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 March 2020	**5,045,195**	**501,266**	**233**	**3,694,168**	**9,060,141**	**18,301,003**
Comprehensive income for the year						
Profit for the year	**-**	**-**	**-**	**-**	**2,391,865**	**2,391,865**
Revaluation of freehold property	**-**	**-**	**-**	**1,454,411**	**-**	**1,454,411**
Deferred tax in respect of revaluation of freehold property	**-**	**-**	**-**	**(276,338)**	**-**	**(276,338)**
Total comprehensive income for the year	**-**	**-**	**-**	**1,178,073**	**2,391,865**	**3,569,938**
Repurchase of shares	**(3,901,030)**	**-**	**3,901,030**	**-**	**-**	**-**
Total transactions with owners	**(3,901,030)**	**-**	**3,901,030**	**-**	**-**	**-**
At 28 February 2021	**1,144,165**	**501,266**	**3,901,263**	**4,872,241**	**11,452,006**	**21,870,941**

The notes on pages 28 to 55 form part of these financial statements.

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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
Comprehensive income for the year						
Profit for the year	-	-	-	-	2,344,346	2,344,346
Total comprehensive income for the year	-	-	-	-	2,344,346	2,344,346
Total transactions with owners	-	-	-	-	-	-
At 29 February 2020	5,045,195	501,266	233	3,694,168	9,060,141	18,301,003

The notes on pages 28 to 55 form part of these financial statements.

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COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2021

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 March 2020	**5,045,195**	**501,266**	**233**	**1,316,224**	**97,230**	**6,960,148**
Comprehensive income for the year						
Profit for the year	**-**	**-**	**-**	**-**	**699,127**	**699,127**
Revaluation of freehold property	**-**	**-**	**-**	**1,454,411**	**-**	**1,454,411**
Deferred tax in respect of revaluation of freehold property	**-**	**-**	**-**	**(276,338)**	**-**	**(276,338)**
Total comprehensive income for the year	**-**	**-**	**-**	**1,178,073**	**699,127**	**1,877,200**
Repurchase of shares	**(3,901,030)**	**-**	**3,901,030**	**-**	**-**	**-**
Total transactions with owners	**(3,901,030)**	**-**	**3,901,030**	**-**	**-**	**-**
At 28 February 2021	**1,144,165**	**501,266**	**3,901,263**	**2,494,297**	**796,357**	**8,837,348**

The notes on pages 28 to 55 form part of these financial statements.

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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)
Total comprehensive income for the year	-	-	-	-	(141,481)	(141,481)
Total transactions with owners	-	-	-	-	-	-
At 29 February 2020	5,045,195	501,266	233	1,316,224	97,230	6,960,148

The notes on pages 28 to 55 form part of these financial statements.

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NAYLOR INDUSTRIES PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2021

	2021 £	*2020* *£*
Cash flows from operating activities		
Profit for the financial year	**2,391,865**	*2,344,346*
Adjustments for:		
Amortisation of intangible assets	**349,000**	-
Depreciation of tangible assets	**1,902,071**	*1,767,557*
Loss on disposal of tangible assets	**187,091**	*20,286*
Amortisation of Government grants	**(84,043)**	*(84,043)*
Interest paid	**371,789**	*443,908*
Taxation charge	**560,431**	*400,195*
(Increase)/decrease in stocks	**(583,893)**	*286,529*
(Increase)/decrease in debtors	**(74,233)**	*192,823*
(Decrease) in creditors	**(838,314)**	*(2,793,168)*
Increase/(decrease) in provisions	**202,210**	*(322,422)*
Corporation tax (paid)/received	**(10,523)**	-
Net cash generated from operating activities	**4,373,451**	*2,256,011*
Cash flows from investing activities		
Purchase of intangible fixed assets	**(349,000)**	-
Purchase of tangible fixed assets	**(1,958,651)**	*(2,631,795)*
Sale of tangible fixed assets	**94,079**	*80,144*
Net cash from investing activities	**(2,213,572)**	*(2,551,651)*

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CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2021

	2021 £	*2020* *£*
Cash flows from financing activities		
New secured loans	**-**	*1,000,000*
Repayment of loans	**(1,231,420)**	*(475,012)*
Repayment of finance leases	**(799,860)**	*(393,938)*
Receipts from invoice discounting	**(81,766)**	*893,443*
Interest paid	**(256,791)**	*(291,388)*
Hire purchase interest paid	**(114,998)**	*(152,520)*
Net cash used in financing activities	**(2,484,835)**	*580,585*
Net (decrease)/increase in cash and cash equivalents	**(324,956)**	*284,945*
Cash and cash equivalents at beginning of year	**520,954**	*236,009*
Cash and cash equivalents at the end of year	**195,998**	*520,954*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**195,998**	*520,954*

The notes on pages 28 to 55 form part of these financial statements.

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CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 28 FEBRUARY 2021

	At 1 March 2020 £	Cash flows £	New finance leases £	Other non-cash changes £	At 28 February 2021 £
Cash at bank and in hand	520,954	(324,956)	-	-	195,998
Debt due after 1 year	(2,918,551)	-	-	251,591	(2,666,960)
Debt due within 1 year	(9,196,888)	1,313,186	-	(251,591)	(8,135,293)
Finance leases	(2,336,500)	799,860	(1,886,405)	-	(3,423,045)
	(13,930,985)	1,788,090	(1,886,405)	-	(14,029,300)

The notes on pages 28 to 55 form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

1. General information

Naylor Industries plc is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at 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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2. Accounting policies (continued)

2.3 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Consolidated Strategic report and Directors' report on pages 1 to 10. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are also described in the Consolidated Strategic report.

The directors believe that with continued growth in profitability, increased capital investment and the level of market opportunities available, the Group is in a position to continue its growth objectives. The strength of the Statement of financial position and the backing of shareholders mean that the Group is well positioned to move forward as a going concern.

The directors have considered the current macro-economic uncertainties including the impact of Covid-19 and Brexit when preparing their going concern assessment. As noted in the Strategic report, the Group's decisive actions have minimised the potential impact from Covid-19 and Brexit. In concluding on going concern, the directors have considered the impact of potential delays to production due to material or staff shortages but have concluded that the Group is sufficiently prepared due to its strong funding, trading position, results for 2021 to date and future order book.

The directors have prepared forecasts for the Group and believe that, after taking account of reasonably possible changes in trading performance, the Group will continue to have adequate resources to continue to meet its obligations as they fall due for at least the twelve months from the date of approval of these financial statements. The directors therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 Intangible fixed assets

Intangible fixed assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible fixed assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

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2. Accounting policies (continued)

2.6 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 profit or loss.

2.7 Revaluation of tangible fixed assets

Individual freehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.8 Operating leases

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

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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2. Accounting policies (continued)

2.10 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.

2.11 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.

2.12 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.

2.13 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

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2. Accounting policies (continued)

2.13 Financial instruments (continued)

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.

2.14 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.

2.15 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. This includes income received under the government's Coronavirus Job Retention Scheme.

2.16 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.

2.17 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.

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2. Accounting policies (continued)

2.18 Leased assets

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.19 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.

2.20 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.

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2. Accounting policies (continued)

2.21 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.

2.22 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.

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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 14 for the carrying amount of the property plant and equipment and note 2.6 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 16 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 17 for the carrying amount of debtors net of associated impairment provision.

4. Turnover

Analysis of turnover by country of destination:

	2021 £	*2020* *£*
United Kingdom	**49,206,929**	*51,945,913*
Rest of the World	**2,479,293**	*3,617,701*
	51,686,222	*55,563,614*

5. Other operating income

	2021 £	*2020* *£*
Income from Coronavirus Job Retention Scheme	**1,135,976**	-

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6. Operating profit

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

	2021 £	*2020* *£*
Depreciation of tangible fixed assets	**1,902,071**	*1,767,557*
Exchange differences	**(21,320)**	*24,642*
Other operating lease rentals	**536,431**	*590,251*
Release of government grants	**(84,043)**	*(84,043)*
Loss on disposal of fixed assets	**187,091**	*20,286*

7. Auditor's remuneration

	2021 £	*2020* *£*
Fees payable to the Group's auditor for the audit of the Group's annual accounts	**12,500**	*12,300*
Fees payable to the Group's auditor for the audit of the subsidiary companies' annual accounts	**28,500**	*25,700*
Tax compliance services	**11,350**	*10,800*
Tax advisory services	**9,000**	*10,700*
Other accounting services	**3,850**	*2,600*

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8. Employees

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

	Group 2021 £	*Group 2020 £*	Company 2021 £	*Company 2020 £*
Wages and salaries	**10,078,959**	*10,159,937*	**-**	*-*
Social security costs	**928,074**	*897,030*	**-**	*-*
Cost of defined contribution scheme	**150,169**	*140,321*	**-**	*-*
	11,157,202	*11,197,288*	**-**	*-*

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

	2021 No.	*2020 No.*
Manufacturing	**266**	*271*
Trading	**85**	*88*
Central	**21**	*21*
	372	*380*

The Company had no employees other than the directors.

9. Directors' remuneration

	2021 £	*2020 £*
Directors' emoluments	**302,802**	*326,514*
Contributions to defined contribution pension schemes	**11,280**	*10,864*
Compensation for loss of office	**66,600**	*-*
	380,682	*337,378*

During the year retirement benefits were accruing to 2 directors *(2020 - 2)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £196,609 *(2020 - £161,727)*.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,565 *(2020 - £6,416)*.

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10. Interest payable

	2021 £	*2020* *£*
Bank loan interest payable	**248,742**	*282,585*
Interest payable under finance leases and hire purchase contracts	**114,998**	*152,520*
Other interest payable	**8,049**	*8,803*
	371,789	*443,908*

11. Taxation

	2021 £	*2020* *£*
Corporation tax		
Current tax on profits for the year	**1,148**	-
Total current tax	**1,148**	-
Deferred tax		
Origination and reversal of timing differences	**624,094**	*400,195*
Adjustments in respect of previous periods	**(64,811)**	-
Total deferred tax (note 24)	**559,283**	*400,195*
Taxation on profit on ordinary activities	**560,431**	*400,195*

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11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2020 - lower than)* the standard rate of corporation tax in the UK of 19% *(2020: 19%)*. The differences are explained below:

	2021 £	*2020* *£*
Profit on ordinary activities before tax	**2,952,296**	*2,744,541*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2019: 19%)*	**560,936**	*521,463*
Effects of:		
Expenses not deductible for tax purposes	**172,348**	*107,446*
Adjustments to tax charge in respect of prior periods	**(64,811)**	-
Additional deduction for R&D expenditure	**(242,177)**	*(168,746)*
Effects of rate difference on deferred taxation	**134,135**	*(48,440)*
Deferred tax not recognised	**-**	*(11,528)*
Total tax charge for the year	**560,431**	*400,195*

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the main corporation tax rate will increase to 25%. This new law was substantively enacted after the balance sheet date, and as such its effects are not included in these financial statements. The overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period and associated provision by £644,000.

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12. Exceptional items

	2021 £	*2020* *£*
Exceptional commissioning costs	**496,381**	*95,727*
Goodwill write off	**349,000**	-
Reorganisation costs	**223,783**	-
	1,069,164	*95,727*

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

Goodwill write off
As detailed in note 13, these costs relate to the write off in full of the goodwill linked to the Procter Fencing acquisition in the year.

Reorganisation costs
These restructuring costs related to operational changes made in response to the Coronavirus pandemic.

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13. Intangible fixed assets

Group

	Goodwill £
Cost	
Additions	**349,000**
At 28 February 2021	**349,000**
Amortisation	
Charge for the year	**349,000**
At 28 February 2021	**349,000**
Net book value	
At 28 February 2021	**-**
At 29 February 2020	-

The goodwill relates to the purchase in August 2020 of the trade and assets of Procter Fencing. Consideration amounted to £515,000 including associated legal costs of £9,000, paid in cash, and the fair value of assets acquired related to £55,000 of fixed assets and £111,000 of stock.

As a result of the losses incurred from the date of purchase to 28 February 2021 and the extent of work management considers necessary to turn around what was previously a loss making business, management has determined that the goodwill arising on the purchase of £349,000 should be amortised in full. This write off is included in exceptional items as per note 12.

Amortisation on intangible fixed assets is charged to administrative expenses.

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14. Tangible fixed assets

Group

	Freehold property £	Plant & machinery £	Fixtures & fittings £	Assets under construction £	Total £
Cost or valuation					
At 1 March 2020	**9,800,000**	**33,118,258**	**537,729**	**1,484,298**	**44,940,285**
Additions	**-**	**10,950**	**-**	**3,834,106**	**3,845,056**
Disposals	**-**	**(663,784)**	**-**	**-**	**(663,784)**
Transfers between classes	**-**	**3,897,246**	**39,885**	**(3,937,131)**	**-**
Revaluations	**850,000**	**-**	**-**	**-**	**850,000**
At 28 February 2021	**10,650,000**	**36,362,670**	**577,614**	**1,381,273**	**48,971,557**
Depreciation					
At 1 March 2020	**439,646**	**18,098,028**	**514,423**	**-**	**19,052,097**
Charge for the year	**164,765**	**1,139,399**	**11,461**	**-**	**1,315,625**
Charge for the year on financed assets	**-**	**586,446**	**-**	**-**	**586,446**
Disposals	**-**	**(382,614)**	**-**	**-**	**(382,614)**
Revaluations	**(604,411)**	**-**	**-**	**-**	**(604,411)**
At 28 February 2021	**-**	**19,441,259**	**525,884**	**-**	**19,967,143**
Net book value					
At 28 February 2021	**10,650,000**	**16,921,411**	**51,730**	**1,381,273**	**29,004,414**
At 29 February 2020	*9,360,354*	*15,020,230*	*23,306*	*1,484,298*	*25,888,188*

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14. Tangible fixed assets (continued)

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

	2021 £	*2020* *£*
Plant and machinery	**9,439,119**	*8,562,717*

The freehold land and buildings were revalued to £10,650,000 at 28 February 2021 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:

	2021 £	*2020* *£*
Group		
Cost	**8,921,915**	*8,921,915*
Accumulated depreciation	**(2,015,751)**	*(1,911,160)*
Net book value	**6,906,164**	*7,010,755*

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14. Tangible fixed assets (continued)

Company

	Freehold land and buildings £	Plant & machinery £	Total £
Cost or valuation			
At 1 March 2020	**9,800,000**	**339,097**	**10,139,097**
Additions	**-**	**10,950**	**10,950**
Revaluations	**850,000**	**-**	**850,000**
At 28 February 2021	**10,650,000**	**350,047**	**11,000,047**
Depreciation			
At 1 March 2020	**439,646**	**40,691**	**480,337**
Charge for the year	**164,765**	**13,568**	**178,333**
Revaluations	**(604,411)**	**-**	**(604,411)**
At 28 February 2021	**-**	**54,259**	**54,259**
Net book value			
At 28 February 2021	**10,650,000**	**295,788**	**10,945,788**
At 29 February 2020	*9,360,354*	*298,406*	*9,658,760*

The freehold land and buildings were revalued to £10,650,000 at 28 February 2021 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:

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14. Tangible fixed assets (continued)

	2021 £	2020 £
Company		
Cost	**8,921,915**	*8,921,915*
Accumulated depreciation	**(2,015,751)**	*(1,911,160)*
Net book value	**6,906,164**	*7,010,755*

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 March 2020	**1,058,220**
At 28 February 2021	**1,058,220**
Net book value	
At 28 February 2021	**1,058,220**
At 29 February 2020	*1,058,220*

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15. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company at 28 February 2021:

Name	Principal activity	Class of shares	Holding
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 Specialist Plastics Limited	Non-trading	Ordinary	100%
Naylor Hathernware 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.

Following the year-end, Naylor Hathernware Limited, Naylor Utilities and Distribution Limited, The Yorkshire Flowerpot Company Limited and White's (Concrete) Limited have all been struck off.

With effect from 1 March 2021, the bespoke extrusions business based at Tipton and Wombwell, formerly part of Naylor Drainage Limited, has been transferred into a separate limited entity, Naylor Specialist Plastics Limited.

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16. Stocks

	Group 2021 £	*Group 2020 £*
Raw materials and consumables	**2,312,904**	*1,975,291*
Work in progress	**104,495**	*112,354*
Finished goods and goods for resale	**5,705,093**	*5,450,954*
	8,122,492	*7,538,599*

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

The carrying value of stocks is stated net of impairment losses totalling £726,000 (2020: £60,000).

17. Debtors

	Group 2021 £	*Group 2020 £*	Company 2021 £	*Company 2020 £*
Trade debtors	**10,773,832**	*10,895,189*	**-**	*-*
Amounts owed by group undertakings	**-**	*-*	**1,294,399**	*507,565*
Other debtors	**128**	*178,139*	**128**	*128*
Prepayments and accrued income	**517,554**	*321,917*	**-**	*-*
	11,291,514	*11,395,245*	**1,294,527**	*507,693*

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

18. Cash and cash equivalents

	Group 2021 £	*Group 2020 £*	Company 2021 £	*Company 2020 £*
Cash at bank and in hand	**195,998**	*520,954*	**41,494**	*6,739*

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19. Creditors: Amounts falling due within one year

	Group 2021 £	*Group 2020 £*	Company 2021 £	*Company 2020 £*
Bank loans	**484,448**	*1,464,277*	**484,448**	*464,277*
Trade creditors	**4,901,292**	*3,852,826*	**-**	*-*
Government grants	**84,043**	*84,043*	**-**	*-*
Amounts owed to group undertakings	**-**	*-*	**546,847**	*365,703*
Corporation tax	**1,148**	*10,523*	**-**	*-*
Other taxation and social security	**228,352**	*739,885*	**-**	*-*
Obligations under finance leases and hire purchase contracts	**1,242,193**	*1,194,264*	**22,510**	*45,937*
Proceeds of invoice discounting facilities	**7,651,019**	*7,910,750*	**-**	*-*
Other creditors	**118,560**	*209,448*	**-**	*-*
Accruals and deferred income	**3,847,376**	*5,131,735*	**176,367**	*170,243*
	18,558,431	*20,597,751*	**1,230,172**	*1,046,160*

The invoice discounting balance of £7,651,019 *(2020: £7,910,750)* 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 and repayable on demand

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

	Group 2021 £	*Group 2020 £*	Company 2021 £	*Company 2020 £*
Bank loans	**2,666,960**	*2,918,551*	**2,666,960**	*2,918,551*
Obligations under finance leases and hire purchase contracts	**2,180,852**	*1,142,236*	**-**	*10,282*
Government grants received	**695,462**	*779,504*	**-**	*-*
	5,543,274	*4,840,291*	**2,666,960**	*2,928,833*

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.

21. Loans

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

	Group 2021 £	*Group 2020 £*	Company 2021 £	*Company 2020 £*
Amounts falling due within one year				
Bank loans	**484,448**	*1,464,277*	**484,448**	*464,277*
Amounts falling due 1-2 years				
Bank loans	**484,447**	*464,277*	**484,447**	*464,277*
Amounts falling due 2-5 years				
Bank loans	**1,453,344**	*1,392,832*	**1,453,344**	*1,392,832*
Amounts falling due after more than 5 years				
Bank loans	**729,169**	*1,061,442*	**729,169**	*1,061,442*
	3,151,408	*4,382,828*	**3,151,408**	*3,382,828*

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22. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Within one year	**1,242,193**	*1,194,264*	**22,510**	*45,937*
Between 1-5 years	**1,614,282**	*1,037,252*	**-**	*10,282*
Over 5 years	**566,570**	*104,884*	**-**	*-*
	3,423,045	*2,336,400*	**22,510**	*56,219*

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

23. Financial instruments

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Financial assets				
Financial assets measured at amortised cost	**10,969,958**	*11,594,282*	**1,336,021**	*514,432*
Financial liabilities				
Financial liabilities measured at amortised cost	**(23,092,700)**	*(23,824,087)*	**(3,897,132)**	*(3,974,993)*

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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24. Deferred taxation

Group

	2021 £	*2020 £*
At beginning of year	**1,204,961**	*804,766*
Charged to of statement of comprehensive income	**835,621**	*400,195*
At end of year	**2,040,582**	*1,204,961*

Company

	2021 £	*2020 £*
At beginning of year	**296,271**	*301,353*
Charged to of statement of comprehensive income	**309,278**	*(5,082)*
At end of year	**605,549**	*296,271*

	Group 2021 £	*Group 2020 £*	Company 2021 £	*Company 2020 £*
Accelerated capital allowances	**2,075,886**	*1,495,589*	**605,549**	*299,778*
Other short-term timing differences	**(35,304)**	*(290,628)*	**-**	*(3,507)*
	2,040,582	*1,204,961*	**605,549**	*296,271*

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25. Provisions

Group

	Provision for quarry restoration £	Dilapid-ations provision £	Total £
At 1 March 2020	**136,980**	**262,000**	**398,980**
Charged to profit or loss	**202,210**	**-**	**202,210**
At 28 February 2021	**339,190**	**262,000**	**601,190**

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 2021 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.

26. 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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27. Share capital

	2021 £	*2020 £*
Allotted, called up and fully paid		
795,195 *(2020 - 407,895)* A Ordinary shares of £1 each	**795,195**	*407,895*
Nil *(2020 - 250,000)* B Ordinary shares of £1 each	**-**	*250,000*
Nil *(2020 - 137,300)* C Ordinary shares of £1 each	**-**	*137,300*
348,970 *(2020 - 348,970)* Non voting shares of £1 each	**348,970**	*348,970*
Nil *(2020 - 3,901,030)* Deferred shares of £1 each	**-**	*3,901,030*
	1,144,165	*5,045,195*

On 26 February 2021 250,000 B ordinary shares and 137,300 C ordinary shares have been reclassified as 387,300 A ordinary shares of the company and shall have the rights attaching to them as per the existing rights already attached to the existing A Ordinary shares of the company.

On the same date, 3,901,030 deferred shares were redeemed for 1p and the balance transferred to the capital redemption reserve.

All remaining existing shares rank pari passu as regards entitlement to return of capital on liquidation and other distributions.

Dividends
All remaining existing shares 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 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.

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.

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28. Contingent liabilities

A £40,000 guarantee is in place in favour of HMRC *(2020: £40,000)*.

29. Capital commitments

At 28 February 2021 the Group had capital commitments as follows:

	Group 2021 £	*Group 2020 £*
Contracted but not provided for in these financial statements	**1,322,034**	*1,000,299*

30. Pension commitments

The Group operates a defined contribution pension scheme. During the year, contributions of £150,169 *(2020: £140,321)* were made to the scheme. At the year end, there were contributions outstanding of £27,435 *(2020: £30,496)*.

31. Commitments under operating leases

At 28 February 2021 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	*Group 2020 £*
Not later than 1 year	**473,364**	*586,737*
Between 1 and 5 years	**514,793**	*894,993*
Later than 5 years	**35,726**	*15*
	1,023,883	*1,481,745*

The company had no operating lease commitments *(2020: £Nil)*.

32. Key management personnel

The total remuneration of key management personnel is £388,048 *(2020: £380,738)*.

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33. 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 £7,652 *(2020: £8,397)*.

34. Subsequent events

With effect from 1 March 2021, our bespoke extrusions business based at Tipton and Wombwell, formerly part of Naylor Drainage Limited, has been transferred into a separate limited entity, Naylor Specialist Plastics Limited. This company remains part of the Naylor Group as a 100% subsidiary of Naylor Industries plc.

On 4 August 2021, Naylor Specialist Plastics Limited acquired 100% of the issued share capital of Schauenburg Technical Solutions Limited, a manufacturer of permanent formwork, pultrusions and ventilation duct, for cash consideration of £1.1m.

35. Controlling party

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