

Company registration number 09301505 (England and Wales)

**THOMAS DUDLEY FOUNDRY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

# THOMAS DUDLEY FOUNDRY LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr M J Dudley Mr R Holden Mr J Parker Mr R Chalmers	(Appointed 31 March 2022)
<b>Secretary</b>	Mr J Parker	
<b>Company number</b>	09301505	
<b>Registered office</b>	295 Birmingham New Road Dudley West Midlands DY1 4SJ	
<b>Auditor</b>	Bache Brown & Co Limited Swinford House Albion Street Brierley Hill DY5 3EE	
<b>Business address</b>	295 Birmingham New Road Dudley West Midlands DY1 4SJ	

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# THOMAS DUDLEY FOUNDRY LIMITED

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# THOMAS DUDLEY FOUNDRY LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### **Fair review of the business**

##### **Principle Activities**

The principal activity of the company is manufacturing and the area of specialism is Iron foundries. The Foundry division supplies the Builders Merchant, Public Utility, OEM, Engineering and Automotive markets.

There have been no significant changes in principle activities in the year under review.

**Business Review and Future Developments** We consider the key performance indicators which best communicate the financial performance and strength of the business are turnover, return on capital employed and with our growth plans, continued investment and liquidity

Turnover on a like for like basis was up 34% on the prior period. This was principally due to the significant reduction in business in 2020 due to the Covid-19 pandemic. In addition the business has benefitted from the re-shoring of work to the UK both due to Brexit and also the unreliable and more expensive supply chains out of China and the East Asia in general. We have not lost any significant customers in 2021 and generally we still operate in markets where there is fierce competition.

The operating loss was broadly the same as in 2020 despite the turnover increase as a result of the exceptional raw material, component and energy price rises which occurred in 2021. Although a number of price increases were implemented during the year, mainly via our energy and material escalator, we were constantly playing catch up each quarter with the market. In the first 4 months of 2022 however we have moved back to a break even position.

The operating loss meant there was again no return on the capital employed in 2021.

The liquidity ratio remained relatively steady at 1.1 compared to 1.2 in 2020 with cash in the bank of £0.75million and the continued support of the Group to draw on if necessary.

After the writing off of £1m Group loan the balance sheet overall is slightly improved with shareholders' funds of £0.4m.

#### **Principal risks and uncertainties**

The main risks to the company are the continuing volatile customer demand due to the impact of Covid-19, increase in raw material prices, mandatory wage increases and energy costs and skills shortages.

The business environment continues to be challenging with raw material and energy prices increasing at rates not seen for over a decade due to the impact of the pandemic and the uneven recovery from it around the world. Skilled labour continues to be in short supply so we have recruited a number of apprentices. Our exposure to the UK construction industry means that elements of the business are subject to the monetary policy adopted by the banking industry and government policy. Competition within our market continues to be fierce both from imports and UK competitors.

In summary, given these risks and uncertainties, we are aware that the future development of the business may be influenced by unforeseen future events outside our control but feel that the current strategy of investment in acquisitions, plant and equipment, training and educating our workforce, increasing awareness of manufacturing in education, developing new innovative products and factoring risk into our decision making is correct for the long term success of the business.

In summary, given these risks and uncertainties, we are aware that the future development of the business may be influenced by unforeseen future events outside our control but feel that the current strategy of investment in acquisitions, plant and equipment, training and educating our workforce, increasing awareness of manufacturing in education, developing new innovative products and factoring risk into our decision making is correct for the long term success of the business.

# THOMAS DUDLEY FOUNDRY LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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On behalf of the board

Mr M J Dudley  
Director

A handwritten signature in black ink, appearing to read 'M J Dudley', written in a cursive style.

30 June 2022

# THOMAS DUDLEY FOUNDRY LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### Principal activities

The principal activity of the company is that of iron founders.

#### Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M J Dudley

Mr R Holden

Mr J Parker

Mr Y M Cramphorn

(Retired 31 March 2022)

Mr R Chalmers

(Appointed 31 March 2022)

#### Auditor

The auditor, Bache Brown & Co Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

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

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

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

# THOMAS DUDLEY FOUNDRY LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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On behalf of the board

Mr M J Dudley  
Director



30 June 2022

# THOMAS DUDLEY FOUNDRY LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THOMAS DUDLEY FOUNDRY LIMITED

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#### **Opinion**

We have audited the financial statements of Thomas Dudley Foundry Limited (the 'company') for the year ended 31 December 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the 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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

# THOMAS DUDLEY FOUNDRY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF THOMAS DUDLEY FOUNDRY LIMITED

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

# THOMAS DUDLEY FOUNDRY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF THOMAS DUDLEY FOUNDRY LIMITED

#### 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.

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

#### Approach to assessing the risks of misstatement due to irregularities, including fraud

We assessed the risk of material misstatement in respect of fraud by meeting with management to understand where it considered there was susceptibility to fraud.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant reporting frameworks which are likely to affect the company include FRS102, the Companies Act 2006 and the relevant tax laws. In addition we determined that there were no significant laws and regulations which have a direct effect on the amounts and disclosures in the financial statements.

#### Audit response to risks identified

We considered the risk of fraud through management override of controls. We also considered how management bias may impact upon performance targets.

In response we performed audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of any significant transactions outside the normal course of business, reviewing accounting estimates for management bias.

Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquires with management around actual and potential claims. Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Mr Ian Baker (Senior Statutory Auditor)  
for and on behalf of Bache Brown & Co Limited

30 June 2022

Chartered Certified Accountants  
Statutory Auditor

Swinford House  
Albion Street  
Brierley Hill  
DY5 3EE

# THOMAS DUDLEY FOUNDRY LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

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	Notes	2021 £	2020 £
Turnover	3	22,905,678	17,088,863
Cost of sales		(20,319,251)	(15,698,847)
<b>Gross profit</b>		<b>2,586,427</b>	<b>1,390,016</b>
Distribution costs		(985,297)	(766,505)
Administrative expenses		(2,914,664)	(2,850,073)
Other operating income		53,493	1,013,805
<b>Operating loss</b>	4	<b>(1,260,041)</b>	<b>(1,212,757)</b>
Interest payable and similar expenses	6	(37,402)	(46,807)
Amounts written off investments	7	1,000,000	500,000
<b>Loss before taxation</b>		<b>(297,443)</b>	<b>(759,564)</b>
Tax on loss	8	392,275	380,774
<b>Profit/(loss) for the financial year</b>		<b>94,832</b>	<b>(378,790)</b>

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The profit and loss account has been prepared on the basis that all operations are continuing operations.

# THOMAS DUDLEY FOUNDRY LIMITED

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

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	2021 £	2020 £
Profit/(loss) for the year	94,832	(378,790)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>94,832</u>	<u>(378,790)</u>

# THOMAS DUDLEY FOUNDRY LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10		6,146,788		5,212,723
<b>Current assets</b>					
Stocks	11	3,880,769		2,599,146	
Debtors	12	4,927,867		3,963,266	
Cash at bank and in hand		708,645		1,531,993	
		<u>9,517,281</u>		<u>8,094,405</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(8,832,905)</u>		<u>(6,535,790)</u>	
<b>Net current assets</b>			684,376		1,558,615
<b>Total assets less current liabilities</b>			<u>6,831,164</u>		<u>6,771,338</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(6,174,843)		(6,202,818)
<b>Provisions for liabilities</b>					
Deferred tax liability	16	256,472		263,503	
		<u>(256,472)</u>		<u>(263,503)</u>	
<b>Net assets</b>			<u>399,849</u>		<u>305,017</u>
<b>Capital and reserves</b>					
Called up share capital	19		50,000		50,000
Profit and loss reserves			349,849		255,017
<b>Total equity</b>			<u>399,849</u>		<u>305,017</u>

The financial statements were approved by the board of directors and authorised for issue on 30 June 2022 and are signed on its behalf by:

Mr M J Dudley  
Director

Company Registration No. 09301505

# THOMAS DUDLEY FOUNDRY LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

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	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2020	50,000	633,807	683,807
<b>Year ended 31 December 2020:</b>			
Loss and total comprehensive income for the year	-	(378,790)	(378,790)
<b>Balance at 31 December 2020</b>	<u>50,000</u>	<u>255,017</u>	<u>305,017</u>
<b>Year ended 31 December 2021:</b>			
Profit and total comprehensive income for the year	-	94,832	94,832
<b>Balance at 31 December 2021</b>	<u><u>50,000</u></u>	<u><u>349,849</u></u>	<u><u>399,849</u></u>

# THOMAS DUDLEY FOUNDRY LIMITED

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

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### 1 Accounting policies

#### Company information

Thomas Dudley Foundry Limited is a private company limited by shares incorporated in England and Wales. The registered office is 295 Birmingham New Road, Dudley, West Midlands, DY1 4SJ.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

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

The financial statements of the company are consolidated in the financial statements of Thomas Dudley Group Limited. These consolidated financial statements are available from the registrar of companies.

#### 1.2 Going concern

The company meets its day to day working capital through the support of the immediate and ultimate parent company. The immediate and ultimate parent company have confirmed that they are willing to continue to support the company.

As a result of the above, in the opinion of the directors, there is reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

# THOMAS DUDLEY FOUNDRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

##### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

##### 1.4 Intangible fixed assets - goodwill

Negative goodwill is attributable to future reorganisation costs and losses that do not represent identifiable liabilities at the acquisition date and is being written off in equal annual instalments over the period in which reorganisation costs and losses are expected to occur.

##### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	10, 15 or 50 years straight line
Plant and machinery	10% straight line
Fixtures, fittings & equipment	5 or 15 years
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# THOMAS DUDLEY FOUNDRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# THOMAS DUDLEY FOUNDRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# THOMAS DUDLEY FOUNDRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.10 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.11 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# THOMAS DUDLEY FOUNDRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to the profit and loss account on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# THOMAS DUDLEY FOUNDRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 2 Judgements and key sources of estimation uncertainty

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

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

##### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### **Useful economic lives of non current assets**

The useful economic lives of non-current assets have been derived from the judgement of the Directors, using their best estimate of write-down period.

##### **Inventory**

Inventories are valued at the lower cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends.

##### **Bad debt provision**

A bad debt provision is set up when the likelihood of recovering the debt is diminished. The level of provision will be based on any current repayment plan entered into and which is being adhered to by the debtor, together with an estimate of the likelihood of the amounts due being fully recovered.

#### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2021	2020
	£	£
<b>Turnover analysed by class of business</b>		
Sale of goods	22,905,678	17,088,863
	<u>22,905,678</u>	<u>17,088,863</u>
	2021	2020
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	21,015,101	15,657,093
Europe	1,117,865	963,382
Rest of World	772,712	468,388
	<u>22,905,678</u>	<u>17,088,863</u>

# THOMAS DUDLEY FOUNDRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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3	Turnover and other revenue	(Continued)	
		2021	2020
		£	£
	<b>Other revenue</b>		
	Grants received	53,493	1,013,805

4	Operating loss	2021	2020
		£	£
	Operating loss for the year is stated after charging/(crediting):		
	Government grants	(53,493)	(1,013,805)
	Fees payable to the company's auditor for the audit of the company's financial statements	8,900	8,900
	Depreciation of owned tangible fixed assets	679,650	663,309
	Operating lease charges	67,512	67,671

### 5 Employees

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

	2021	2020
	Number	Number
Administration	21	22
Sales and distribution	3	3
Works	149	133
Total	173	158

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	5,582,204	5,013,754
Social security costs	557,811	439,020
Pension costs	330,984	291,511
Total	6,470,999	5,744,285

### 6 Interest payable and similar expenses

	2021	2020
	£	£
Interest payable to group undertakings	37,402	46,807

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# THOMAS DUDLEY FOUNDRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 7 Amounts written off investments

	2021 £	2020 £
Amounts written back to current loans	1,000,000	500,000

### 8 Taxation

	2021 £	2020 £
<b>Current tax</b>		
Adjustments in respect of prior periods	(85,667)	(56,788)
Group tax relief	(299,577)	(366,960)
Total current tax	(385,244)	(423,748)
<b>Deferred tax</b>		
Origination and reversal of timing differences	(7,031)	42,974
Total tax credit	(392,275)	(380,774)

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Loss before taxation	(297,443)	(759,564)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(56,514)	(144,317)
Tax effect of expenses that are not deductible in determining taxable profit	325	1,503
Tax effect of utilisation of tax losses not previously recognised	-	(53,824)
Adjustments in respect of prior years	(85,667)	(56,788)
Research and development tax credit	(59,527)	(33,298)
Other tax adjustments	(892)	950
Group loan write off	(190,000)	(95,000)
Taxation credit for the year	(392,275)	(380,774)

# THOMAS DUDLEY FOUNDRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 9 Intangible fixed assets

	Negative goodwill £
<b>Cost</b>	
At 1 January 2021 and 31 December 2021	(1,765,190)
<b>Amortisation and impairment</b>	
At 1 January 2021 and 31 December 2021	(1,765,190)
<b>Carrying amount</b>	
At 31 December 2021	-
At 31 December 2020	-

On 8th December 2014 the Company acquired the assets of BCC Foundry Limited which have been included at fair value at £1,921,500 freehold property, £978,500 plant and machinery and £(1,765,190) negative goodwill.

### 10 Tangible fixed assets

	Land and buildings Leasehold £	Assets under construction £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 January 2021	76,329	363,826	6,451,576	39,327	107,445	7,038,503
Additions	-	1,581,697	32,017	-	-	1,613,714
Transfers	-	-	-	-	48,500	48,500
At 31 December 2021	76,329	1,945,523	6,483,593	39,327	155,945	8,700,717
<b>Depreciation and impairment</b>						
At 1 January 2021	23,221	-	1,757,377	17,212	27,970	1,825,780
Depreciation charged in the year	4,224	-	646,654	2,098	26,674	679,650
Transfers	-	-	-	-	48,499	48,499
At 31 December 2021	27,445	-	2,404,031	19,310	103,143	2,553,929
<b>Carrying amount</b>						
At 31 December 2021	48,884	1,945,523	4,079,562	20,017	52,802	6,146,788
At 31 December 2020	53,108	363,826	4,694,199	22,115	79,475	5,212,723

# THOMAS DUDLEY FOUNDRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Stocks		2021 £	2020 £
Raw materials and consumables		1,590,016	1,003,318
Work in progress		645,780	431,720
Finished goods and goods for resale		1,644,973	1,164,108
		<u>3,880,769</u>	<u>2,599,146</u>
		<u><u>3,880,769</u></u>	<u><u>2,599,146</u></u>
12 Debtors		2021 £	2020 £
Amounts falling due within one year:			
Trade debtors		4,096,153	3,444,302
Amounts owed by group undertakings		449,311	327,866
Prepayments and accrued income		382,403	191,098
		<u>4,927,867</u>	<u>3,963,266</u>
		<u><u>4,927,867</u></u>	<u><u>3,963,266</u></u>
13 Creditors: amounts falling due within one year		2021 £	2020 £
	Notes		
Trade creditors		2,088,053	1,900,415
Amounts owed to group undertakings		5,885,266	3,772,668
Taxation and social security		221,117	319,206
Government grants	17	27,975	27,975
Other creditors		84,201	39,965
Accruals and deferred income		526,293	475,561
		<u>8,832,905</u>	<u>6,535,790</u>
		<u><u>8,832,905</u></u>	<u><u>6,535,790</u></u>
14 Creditors: amounts falling due after more than one year		2021 £	2020 £
	Notes		
Other borrowings	15	6,000,000	6,000,000
Government grants	17	174,843	202,818
		<u>6,174,843</u>	<u>6,202,818</u>
		<u><u>6,174,843</u></u>	<u><u>6,202,818</u></u>

# THOMAS DUDLEY FOUNDRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 15 Loans and overdrafts

	2021 £	2020 £
Loans from group undertakings	6,000,000	6,000,000
Payable after one year	6,000,000	6,000,000

### 16 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2021 £	Liabilities 2020 £
<b>Balances:</b>		
Accelerated capital allowances	256,472	263,503
<b>Movements in the year:</b>		2021 £
Liability at 1 January 2021		263,503
Credit to profit or loss		(7,031)
Liability at 31 December 2021		256,472

### 17 Government grants

	2021 £	2020 £
Arising from government grants	202,818	230,793
Deferred income is included in the financial statements as follows:		
Current liabilities	27,975	27,975
Non-current liabilities	174,843	202,818
	202,818	230,793

# THOMAS DUDLEY FOUNDRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 18 Retirement benefit schemes

	2021	2020
	£	£
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	228,922	171,852

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### Defined benefit scheme

The parent company also operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The regular cost is attributed to the individual years using the projected unit credit method. Variations in cost which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs.

Due to the nature of the group scheme the company cannot identify its share of the underlying assets and liabilities of the scheme, nor can it identify any surplus or deficit and the implications of that surplus or deficit to the company.

### 19 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
ordinary shares of £1 each	50,000	50,000	50,000	50,000

### 20 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	72,310	72,310
Between two and five years	132,568	204,878
	<u>204,878</u>	<u>277,188</u>

### 21 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021	2020
	£	£
Acquisition of tangible fixed assets	421,623	234,726

# THOMAS DUDLEY FOUNDRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) *FOR THE YEAR ENDED 31 DECEMBER 2021*

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### 22 Ultimate controlling party

The ultimate parent company is Thomas Dudley Group Limited, a company registered in England and Wales.

Thomas Dudley Group Limited prepares group financial statements and copies can be obtained from its registered office.