

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
FOR
SPC EUROPE LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	12
Cash Flow Statement	13
Notes to the Cash Flow Statement	14
Notes to the Financial Statements	16

SPC EUROPE LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2020

DIRECTORS: Mr S Hallas
Mr P Hallas
Mrs M Hallas

SECRETARY: Mr C Bayliss

REGISTERED OFFICE: 51 Cory Way
West Wilts Trading Estate
Westbury
Wiltshire
BA13 4QT

REGISTERED NUMBER: 04098629 (England and Wales)

AUDITORS: Brosnans
Chartered Accountants
and Statutory Auditors
Birkby House
Bailliff Bridge
Brighouse
West Yorkshire
HD6 4JJ

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their strategic report for the year ended 31 March 2020.

REVIEW OF BUSINESS

The company continues to be a 100% owned subsidiary of SPC Corporate limited. Consolidated accounts including the performances of the Spanish subsidiary SPC Jevsa SLU are prepared by SPC Corporate Limited.

The company continues to work alongside it's Spanish subsidiary SPC Jevsa SLU. Both companies have continued to hold a stable position in the market place.

The company along with it's trading subsidiary continues the principal activity of the manufacture of rubber compounds. Turnover for the year was £24,419,960 (2019 - £25,431,774) and pre tax profits were £2,012,767 (2019 - £1,034,316).

Consolidated accounts are presented by the holding company SPC Corporate Limited. The consolidated results show a pre-tax profit of £1,691,373 (2019 - £2,077,676) with net assets at 31 March 2020 of £11,467,223 (2019 - £10,195,188).

PRINCIPAL RISKS AND UNCERTAINTIES

Financial risk management objectives and policies

The company operates in the UK market and overseas. The company seeks to mitigate exposure to all forms of risk both internal and external.

Customers and suppliers

The company is not wholly dependent on any one supplier or customer.

Foreign exchange

The company endeavours to mitigate the risk of foreign exchange fluctuation by balancing it's buying and selling in foreign currencies. The necessity to buy forward has been negated and under the very rare occurrence for any small requirement, the company will spot purchase on the currency exchange

Credit risk

The company carries out credit checks on customers through one of the leading credit checking agencies. All customers are assigned a credit limit and trading terms which are monitored on an on-going basis.

Laws and regulations

The company complies with all relevant regulations to operate within the law and ISO 14001:2015 and ISO 9001:2015 are established and followed.

The company takes its health, safety and environmental responsibilities very seriously.

Covid-19

The outbreak of Coronavirus in 2020 is obviously affecting many businesses in the UK and globally. SPC Europe Limited has continued trading throughout this period, whilst ensuring the Health and Safety of all its employees and any visitors to site. The usual processes, such as distancing, wearing of masks, temperature checking, etc. has been strictly implemented. Although initially affected, the company is maintaining sales and profitability, whilst ensuring the company's sustainability

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020**

Employees

The average number of employees throughout the year was 77 (2019 - 97).

The company continues to be an Equal Opportunities Employer. In employment related decisions the company complies with anti discrimination requirements concerning matters of race, colour, national origin, marital status, sexual orientation, religious belief, age and physical or mental ability. Disabled people are given full and equal consideration for employment and their development is assisted and encouraged.

ON BEHALF OF THE BOARD:

Mr S Hallas - Director

18 November 2020

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020**

The directors present their report with the financial statements of the company for the year ended 31 March 2020.

DIVIDENDS

Interim dividends per share were paid as follows:

2 April 2019	£415
19 August 2019	£200
2 January 2020	£200
28 February 2020	£200
	<u>£1,015</u>

The director recommends that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 2020 will be £101,500.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2019 to the date of this report.

Mr S Hallas
Mr P Hallas

Other changes in directors holding office are as follows:

Mrs M Hallas - appointed 16 April 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, Brosnans, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mr S Hallas - Director

18 November 2020

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SPC EUROPE LIMITED

Opinion

We have audited the financial statements of SPC Europe Limited (the 'company') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SPC EUROPE LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SPC EUROPE LIMITED

Use of our report

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

Mr Adam John Brosnan (Senior Statutory Auditor)
for and on behalf of Brosnans
Chartered Accountants
and Statutory Auditors
Birkby House
Bailliff Bridge
Brighouse
West Yorkshire
HD6 4JJ

18 November 2020

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
TURNOVER	3	24,419,960	25,431,774
Cost of sales		(20,740,612)	(21,996,985)
GROSS PROFIT		<u>3,679,348</u>	<u>3,434,789</u>
Administrative expenses		(2,637,592)	(3,079,007)
		<u>1,041,756</u>	<u>355,782</u>
Other operating income		62,171	751,291
OPERATING PROFIT	6	<u>1,103,927</u>	<u>1,107,073</u>
Income from shares in group undertakings		934,749	-
		<u>2,038,676</u>	<u>1,107,073</u>
Interest payable and similar expenses	7	(25,909)	(72,757)
PROFIT BEFORE TAXATION		<u>2,012,767</u>	<u>1,034,316</u>
Tax on profit	8	(150,866)	(216,338)
PROFIT FOR THE FINANCIAL YEAR		<u>1,861,901</u>	<u>817,978</u>
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>1,861,901</u></u>	<u><u>817,978</u></u>

The notes form part of these financial statements

BALANCE SHEET
31 MARCH
2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Intangible assets	10	117,246	139,997
Tangible assets	11	3,531,483	3,985,911
Investments	12	190,693	96,616
		<u>3,839,422</u>	<u>4,222,524</u>
CURRENT ASSETS			
Stocks	13	2,271,168	2,766,876
Debtors	14	5,772,713	5,698,805
Cash at bank and in hand		4,256,824	1,825,764
		<u>12,300,705</u>	<u>10,291,445</u>
CREDITORS			
Amounts falling due within one year	15	(7,535,106)	(7,461,350)
NET CURRENT ASSETS		<u>4,765,599</u>	<u>2,830,095</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,605,021</u>	<u>7,052,619</u>
CREDITORS			
Amounts falling due after more than one year	16	(517,916)	(712,074)
PROVISIONS FOR LIABILITIES	20	(15,805)	(29,646)
NET ASSETS		<u>8,071,300</u>	<u>6,310,899</u>
CAPITAL AND RESERVES			
Called up share capital	21	100	100
Retained earnings	22	8,071,200	6,310,799
SHAREHOLDERS' FUNDS	25	<u>8,071,300</u>	<u>6,310,899</u>

The notes form part of these financial statements

**BALANCE SHEET -
continued
31 MARCH
2020**

The financial statements were approved by the Board of Directors and authorised for issue on 18 November 2020 and were signed on its behalf by:

Mr S Hallas - Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2018	100	6,575,632	6,575,732
Changes in equity			
Dividends	-	(253,300)	(253,300)
Total comprehensive income	-	817,978	817,978
Restatement relating to prior year taxation	-	(829,511)	(829,511)
Balance at 31 March 2019	<u>100</u>	<u>6,310,799</u>	<u>6,310,899</u>
Changes in equity			
Dividends	-	(101,500)	(101,500)
Total comprehensive income	-	1,861,901	1,861,901
Balance at 31 March 2020	<u>100</u>	<u>8,071,200</u>	<u>8,071,300</u>

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	3,445,513	2,076,204
Interest paid		(25,909)	(72,757)
Tax paid		(172,800)	(140,629)
Net cash from operating activities		<u>3,246,804</u>	<u>1,862,818</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(218,978)	(581,369)
Purchase of fixed asset investments		(100,000)	-
Sale of tangible fixed assets		4,165	7,000
Dividends received		934,749	-
Net cash from investing activities		<u>619,936</u>	<u>(574,369)</u>
Cash flows from financing activities			
Loan repayments in year		(161,972)	(161,905)
Inter company loan movements		(1,084,247)	718,559
Amount introduced by directors		-	36,313
Amount repaid to directors		(87,961)	(10,000)
Equity dividends paid		(101,500)	(253,300)
Net cash from financing activities		<u>(1,435,680)</u>	<u>329,667</u>
Increase in cash and cash equivalents		<u>2,431,060</u>	<u>1,618,116</u>
Cash and cash equivalents at beginning of year	2	1,825,764	207,648
Cash and cash equivalents at end of year	2	<u><u>4,256,824</u></u>	<u><u>1,825,764</u></u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020	2019
	£	£
Profit before taxation	2,012,767	1,034,316
Depreciation charges	696,155	768,512
Profit on disposal of fixed assets	(4,165)	(1,172)
Exchange difference on investments	5,922	(1,115)
Adjustment to prior years taxation	-	(829,511)
Finance costs	25,909	72,757
Finance income	(934,749)	-
	<u>1,801,839</u>	<u>1,043,787</u>
Decrease/(increase) in stocks	495,708	(240,023)
Decrease in trade and other debtors	624,863	990,822
Increase in trade and other creditors	523,103	281,618
Cash generated from operations	<u><u>3,445,513</u></u>	<u><u>2,076,204</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2020

	31.3.20	1.4.19
	£	£
Cash and cash equivalents	<u>4,256,824</u>	<u>1,825,764</u>

Year ended 31 March 2019

	31.3.19	1.4.18
	£	£
Cash and cash equivalents	<u><u>1,825,764</u></u>	<u><u>207,648</u></u>

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.4.19 £	Cash flow £	At 31.3.20 £
Net cash			
Cash at bank and in hand	<u>1,825,764</u>	<u>2,431,060</u>	<u>4,256,824</u>
	<u>1,825,764</u>	<u>2,431,060</u>	<u>4,256,824</u>
Debt			
Debts falling due within 1 year	(172,759)	(26,020)	(198,779)
Debts falling due after 1 year	<u>(712,074)</u>	<u>194,158</u>	<u>(517,916)</u>
	<u>(884,833)</u>	<u>168,138</u>	<u>(716,695)</u>
Total	<u><u>940,931</u></u>	<u><u>2,599,198</u></u>	<u><u>3,540,129</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1. STATUTORY INFORMATION

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

The presentation currency of the financial statements is the Pound Sterling (£).

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

2. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

TURNOVER

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

GOODWILL

Goodwill, being the amount paid in connection with the acquisition of a business in 2008, is being amortised evenly over its estimated useful life of twenty years.

The goodwill was acquired by a wholly owned subsidiary of the Company in 2008. The trade of the subsidiary was hived up during the year and goodwill is being written down on a continuing basis.

INTANGIBLE ASSETS

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

TANGIBLE FIXED ASSETS

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Long leasehold	- at varying rates on cost
Plant and machinery	- at varying rates on cost
Fixtures and fittings	- at varying rates on cost
Motor vehicles	- 33% on cost
Computer equipment	- at varying rates on cost

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

During the year the company reviewed the rates of depreciation used and the above rates were implemented. The effect of this change in accounting estimates has been recognised in the profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

2. **ACCOUNTING POLICIES - continued**

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiary undertakings are recognised at cost.

STOCKS

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

TAXATION

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

3. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2020 £	2019 £
United Kingdom	18,168,287	17,338,583
Europe	5,681,236	6,250,419
Rest of world	570,437	1,842,772
	<u>24,419,960</u>	<u>25,431,774</u>

4. **EMPLOYEES AND DIRECTORS**

	2020 £	2019 £
Wages and salaries	3,057,918	3,690,830
Social security costs	257,009	406,089
Other pension costs	91,807	178,577
	<u>3,406,734</u>	<u>4,275,496</u>

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

	2020	2019
Administration	23	24
Production	54	73
	<u>77</u>	<u>97</u>

5. **DIRECTORS' EMOLUMENTS**

	2020 £	2019 £
Directors' remuneration	57,275	315,800
Directors' pension contributions to money purchase schemes	<u>-</u>	<u>12,541</u>

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

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

6. OPERATING PROFIT

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

	2020 £	2019 £
Depreciation - owned assets	673,406	745,761
Profit on disposal of fixed assets	(4,165)	(1,172)
Goodwill amortisation	22,751	22,751
Auditors' remuneration	20,650	20,400
Auditors' remuneration for non audit work	3,977	165
Net losses/(gains) on foreign currency translations	<u>(7,994)</u>	<u>(32,288)</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £	2019 £
Bank loan interest	13,769	49,095
Factoring charges	<u>12,140</u>	<u>23,662</u>
	<u>25,909</u>	<u>72,757</u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020 £	2019 £
Current tax:		
UK corporation tax	164,707	208,839
Deferred tax	<u>(13,841)</u>	<u>7,499</u>
Tax on profit	<u>150,866</u>	<u>216,338</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

8. **TAXATION - continued**

RECONCILIATION OF TOTAL TAX CHARGE INCLUDED IN PROFIT AND LOSS

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

	2020 £	2019 £
Profit before tax	<u>2,012,767</u>	<u>1,034,316</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	382,426	196,520
Effects of:		
Expenses not deductible for tax purposes	1,780	6,830
Income not taxable for tax purposes	(177,602)	-
Depreciation in excess of capital allowances year	35,237	14,305
Research and development relief	(67,320)	-
Deferred Tax (Credit)/Charge	(13,841)	7,499
Group relief	(9,814)	(8,816)
Total tax charge	<u>150,866</u>	<u>216,338</u>

9. **DIVIDENDS**

	2020 £	2019 £
Ordinary shares of £1 each Interim	<u>101,500</u>	<u>253,300</u>

10. **INTANGIBLE FIXED ASSETS**

	Goodwill £
COST	
At 1 April 2019 and 31 March 2020	<u>345,042</u>
AMORTISATION	
At 1 April 2019	205,045
Amortisation for year	<u>22,751</u>
At 31 March 2020	<u>227,796</u>
NET BOOK VALUE	
At 31 March 2020	<u>117,246</u>
At 31 March 2019	<u>139,997</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

11. TANGIBLE FIXED ASSETS

	Long leasehold £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 April 2019	2,534,281	5,075,727	797,707
Additions	-	77,003	83,274
Disposals	-	-	-
At 31 March 2020	<u>2,534,281</u>	<u>5,152,730</u>	<u>880,981</u>
DEPRECIATION			
At 1 April 2019	366,614	3,554,180	574,022
Charge for year	89,862	393,966	152,536
Eliminated on disposal	-	-	-
At 31 March 2020	<u>456,476</u>	<u>3,948,146</u>	<u>726,558</u>
NET BOOK VALUE			
At 31 March 2020	<u>2,077,805</u>	<u>1,204,584</u>	<u>154,423</u>
At 31 March 2019	<u>2,167,667</u>	<u>1,521,547</u>	<u>223,685</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 April 2019	222,210	6,980	8,636,905
Additions	37,101	21,600	218,978
Disposals	(19,013)	-	(19,013)
At 31 March 2020	<u>240,298</u>	<u>28,580</u>	<u>8,836,870</u>
DEPRECIATION			
At 1 April 2019	154,502	1,676	4,650,994
Charge for year	33,589	3,453	673,406
Eliminated on disposal	(19,013)	-	(19,013)
At 31 March 2020	<u>169,078</u>	<u>5,129</u>	<u>5,305,387</u>
NET BOOK VALUE			
At 31 March 2020	<u>71,220</u>	<u>23,451</u>	<u>3,531,483</u>
At 31 March 2019	<u>67,708</u>	<u>5,304</u>	<u>3,985,911</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

12. **FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
COST	
At 1 April 2019	96,616
Additions	100,000
Exchange differences	(5,923)
At 31 March 2020	<u>190,693</u>
NET BOOK VALUE	
At 31 March 2020	<u>190,693</u>
At 31 March 2019	<u>96,616</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

ATR Compounding Limited

Registered office: SPC UK, Cory Way, West Wilts Trading Estate, Westbury, Wiltshire, BA13 4QT, England

Nature of business: Manufacture of rubber compounds

	%
Class of shares:	holding
Ordinary £1 shares	100.00

	2020	2019
	£	£
Aggregate capital and reserves	<u>100</u>	<u>100</u>

ATR Compounding Limited remained dormant throughout the year.

SPC Jevsa SLU

Registered office: Ploigono Industrial Aquiberia, Calle Zenc, 4-6, 08755 Castellbisbal, Barcelona, Spain

Nature of business: Manufacture of rubber compounds

	%
Class of shares:	holding
Equity	100.00

	2020	2019
	£	£
Aggregate capital and reserves	3,558,312	3,996,200
Profit for the year	<u>485,452</u>	<u>931,216</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

12. **FIXED ASSET INVESTMENTS - continued**

SPC Compounding India Private Limited

Registered office: Wing A, Flat No-2, Shrinivas Villa, S No 34/12, Pune 411004

Nature of business: Manufacture of rubber compounds

Class of shares:	% holding	2020	2019
		£	£
Ordinary	98.80		
Aggregate capital and reserves		(16,339)	(24,312)
Loss for the year		<u>(89,438)</u>	<u>(73,070)</u>

13. **STOCKS**

	2020	2019
	£	£
Raw materials	2,099,276	2,553,209
Work-in-progress	47,944	47,025
Finished goods	123,948	166,642
	<u>2,271,168</u>	<u>2,766,876</u>

Stock recognised as cost of sales in the year amounted to £16,288,540 (2019 - £16,748,588)

14. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade debtors	4,209,720	4,902,025
Amounts owed by group undertakings	1,280,376	581,605
Other debtors	8,560	12,710
Prepayments and accrued income	274,057	202,465
	<u>5,772,713</u>	<u>5,698,805</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans and overdrafts (see note 17)	198,779	172,759
Trade creditors	4,950,797	4,705,998
Amounts owed to group undertakings	-	385,479
Corporation tax	112,027	120,120
Social security and other taxes	79,774	85,274
VAT	273,330	219,699
Other creditors	6,267	309,532
Director's current account	216,757	298,552
Accruals and deferred income	1,697,375	1,163,937
	<u>7,535,106</u>	<u>7,461,350</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Bank loans (see note 17)	517,916	705,908
Other loans (see note 17)	-	6,166
	<u>517,916</u>	<u>712,074</u>

17. LOANS

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>198,779</u>	<u>172,759</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	517,916	705,908
Director's loan account	-	6,166
	<u>517,916</u>	<u>712,074</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020

18. **LEASING AGREEMENTS**

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

	2020	2019
	£	£
Within one year	150,000	62,501
Between one and five years	575,000	600,000
In more than five years	-	<u>125,000</u>
	<u>725,000</u>	<u>787,501</u>

19. **SECURED DEBTS**

The following secured debts are included within creditors:

	2020	2019
	£	£
Bank loans	<u>716,695</u>	<u>878,667</u>

The Bank holds a debenture over the assets of the company, and cross guarantees entered into between the company and its subsidiary.

20. **PROVISIONS FOR LIABILITIES**

	2020	2019
	£	£
Deferred tax charge	<u>15,805</u>	<u>29,646</u>
		Deferred tax
		£
Balance at 1 April 2019		29,646
Decelerated capital allowances		<u>(13,841)</u>
Balance at 31 March 2020		<u>15,805</u>

21. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2020**

22. RESERVES

Retained
earnings
£

At 1 April 2019	6,310,799
Profit for the year	1,861,901
Dividends	<u>(101,500)</u>
At 31 March 2020	<u><u>8,071,200</u></u>

23. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme during the year were £91,807 (2019 - £178,577). No amounts were outstanding at the balance sheet date.

24. ULTIMATE CONTROLLING PARTY

The company's shares are owned by SPC Corporate Limited.

The company is controlled by the director, Mr S Hallas, by virtue of his majority shareholding SPC Corporate Limited.

The largest group of undertakings for which group accounts have been drawn up is that headed by SPC Corporate Limited which is registered in England and Wales. The consolidated results show a pre-tax profit of £1,691,373 (2019 - £2,077,676) with net assets at 31 March 2020 of £11,467,223 (2019 - £10,195,188).

The company is exempt from its obligation to prepare group accounts under section 400 of the Companies Act 2006

The consolidated accounts of that group are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2020 £	2019 £
Profit for the financial year	1,861,901	817,978
Dividends	<u>(101,500)</u>	<u>(253,300)</u>
	1,760,401	564,678
Adjustment to prior years taxation	-	<u>(829,511)</u>
Net addition/(reduction) to shareholders' funds	<u>1,760,401</u>	<u>(264,833)</u>
Opening shareholders' funds	<u>6,310,899</u>	<u>6,575,732</u>
Closing shareholders' funds	<u><u>8,071,300</u></u>	<u><u>6,310,899</u></u>