

**Don & Low Limited**

**Annual report and consolidated  
financial statements**

**Registered number SC005657**

**31 December 2021**

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## Directors and advisers

Directors	Vasilios Zairopoulos Konstantinos Halioris Colin James Johnson Keith William Galloway Dimitrios Malamos (appointed 29 March 2022)	(Chairman)
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Secretary	Colin James Johnson
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Registered Office	Newfordpark House Glamis Road Forfar Angus DD8 1FR
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Independent Auditors	PricewaterhouseCoopers LLP The Capitol 431 Union Street Aberdeen AB11 6DA
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Bankers	The Royal Bank of Scotland plc 65 East High Street Forfar DD8 2EP  The Royal Bank of Scotland plc Corporate Banking 1 Albyn Place Aberdeen AB10 1BR
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Solicitors	Thorntons WS 40 Castle Street Dundee DD1 3AQ
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Actuaries	Mercer 7 Lochside Avenue Edinburgh EH12 9DJ
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## Strategic report

### Principal activities

The principal activities of the Group and the Company are the manufacture and marketing of woven and nonwoven polypropylene textiles. The main woven products include carpet backing, industrial fabrics, geotextiles, artificial grass and carpet yarns. The nonwoven products are mainly in the areas of construction, medical, furniture and bedding, and filtration.

### Business model

The Group has a clearly defined strategic plan that is designed to take the Group into the future on a sustainable and profitable path. Since 2016 the Group has undertaken a major capital investment programme (cumulatively more than £50m over that period) that has expanded and upgraded production facilities across the business and there was further significant investment during 2021. The Group has generally invested in relatively capital-intensive processes to improve long term competitiveness and is pleased with the progress that has been made in integrating the new equipment into the business – it is confident that the move to more capital-intensive manufacturing is the correct one for the long term. Sales and production mix continues to be modified in response to market developments. In line with the long term aims of the Group the commitment to adding value to business relationships remains strong, and this is based on product quality, service and price competitiveness.

### Business review and results

The Group recorded a very strong financial performance in 2021. The Coronavirus pandemic continued during the year and this meant that demand for core products, particularly in medical and filtration, and also in construction applications, remained very strong, whilst supply in these markets was limited. The external supply and demand conditions in these markets were important factors, but also the Group's remarkable ability to react to the changes significantly improved the result for the year.

There were however some significant cost challenges during the year, for example, raw material costs reached record high levels, electricity costs increased significantly, and transport costs increased across both home and export markets. The Group's reaction to these cost increases was to carry out internal cost reduction activities and to increase prices quoted to the markets.

In summary, the Group is pleased with the result for the year, in addition to the short-term effects noted above, the capital investment and operational changes made in recent years are having the planned effect in terms of profitability and net asset position. All of the factors affecting performance, whether internal or external, continue to be monitored closely by management.

### Going concern

The specific economic conditions caused by the Coronavirus health emergency introduced additional uncertainties into the level of demand for the Group's products. The Group has a diverse portfolio of products and across the range there were differing impacts during 2021 – both positive and negative. As noted in the Directors' report, the Group has taken steps to evaluate and mitigate the effects of the pandemic, the specific areas considered were:

- People – the health and safety of staff is paramount. Steps were taken to allow staff to work from home if possible, to protect those that cannot work from home while on site, and to protect those with underlying health conditions in line with Government guidance.
- Operations – as the Group produces material that is used directly in products for the medical sector (for example, spunbond and meltblown for face masks; spunbond for medical gowns and wipes) steps were taken to ensure production of these products were prioritised.
- Supply chain – the Group carried out detailed risk assessments to identify and secure supplies of key raw materials, with an overall aim of continuity of supply wherever possible. Since the Group operates mainly on a business-to-business basis, where customers continued to operate, maintenance of the overall supply chain was the clear objective.
- Finance – the Group prepared forecasts and projections to test the resilience of the business. The outcome of this process was assessed in line with the available overdraft and other borrowing facilities, and this showed the Group should be able to operate within the level of these facilities.

## Strategic report *(continued)*

Following the year end, on 24 February 2022 there was an invasion of Ukraine. The Group has assessed and will continue to assess the implications of the events in Ukraine. Currently there is considered to be no significant impact to the Group's financial performance or position.

As a result, the Directors have a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual report and consolidated financial statements.

### Key performance indicators

The Directors and managers use a range of detailed performance indicators appropriate to the business.

The table below shows the key performance indicators for the Group.

Key performance indicator	2021	2020	% change
Revenue (£000's)	121,659	80,213	51.7%
Operating Profit – pre-exceptional expenses (£000's)	43,867	14,037	212.5%
Operating Profit %	36.0%	17.5%	18.5%

### Principal risks and uncertainties

The principal risks and uncertainties affecting the Group include the following:

- **Raw material costs:** Raw materials are the main item of expenditure for the Group. Significant resources are applied to the management of this.
- **Customers:** The Group maintains strong relationships with key customers and has clear credit control parameters. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Specific credit terms are agreed with customers and are closely managed. Credit evaluations are also performed on all customers. Credit risk is managed by the insurance of debts and a system of internal credit limit setting is followed using trade and bank references and credit rating agencies.
- **Competitive risk:** The Group operates in highly competitive markets. Product and service improvements are carried out on an ongoing basis throughout the year.
- **Foreign currency exchange:** The Group is exposed to foreign currency risk as a result of its operations. The currencies giving rise to this are primarily Euros and US Dollars. The Group monitors closely short, medium and long-term exchange rates. However, given the size of the Group's operations, the costs of managing exposure to foreign exchange risk exceed any potential benefits. No formal hedging policy is used.
- **The effect of legislation or other regulatory activities:** The Group, with the assistance of its professional advisers, monitors forthcoming and current legislation regularly.
- **Liquidity risk:** The Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansion.
- **Interest rate cash flow risk:** The Group has both interest-bearing assets and interest-bearing liabilities. Interest-bearing assets include cash balances with banking institutions.

## **Strategic report** *(continued)*

- **Brexit:** During 2021 the Group considered the possible effects of Brexit, following a deal being reached there are no material effects, and this has been the experience during 2022.
- **Ukraine war:** Following the year end, on 24 February 2022 there was an invasion of Ukraine, it is not possible to understand the full impact of this invasion on the international and UK markets. The Group is continuously assessing for any possible effects on the business.

### **Future developments**

The Directors expect to be faced with continued challenges during 2022 mainly due to unprecedented cost increases and the effects of the external environment on supply and demand conditions. Further capital investment is planned that will enhance the Group by expanding production capabilities and improve cost structure and competitiveness. The plans, policies and procedures that are in place mean that the Directors are confident that the Group's budgeted performance will be achieved.

## **Section 172(1) UK Companies Act 2016 ("Act") Statement**

### **Directors**

As part of their induction a director of the Company is informed of their directors' duties with specific reference to section 172(1) (a-f) and if necessary, can seek additional support and advice from an independent adviser to ensure that they are aware and know the likely consequences of any decision the Company makes in the long term.

### **Stakeholders**

The directors of the Company believe it is fundamentally important that the values and principles which guide the Company are clearly defined, both internally and externally, in order to ensure that all Company activities are implemented in compliance with the relevant laws and in a context of fair competition, honesty, integrity, fairness and good faith which would promote the success of the Company for the benefit of its members as a whole having regard to the interests of all its stakeholders: shareholders, workforce, suppliers, customers, lenders, government/tax authorities, pension schemes/trustees, community and environment. These values are embedded in the Company's employee handbook and by virtue of various policy statements covering matters such as health and safety, the environment, modern slavery and gender pay. All these documents are made available to all employees by various including the Company online portal

### **Employee Interests**

The directors of the Company devote the relevant resources to facilitate the necessary professional development of its staff and the continued growth of the organisation. This includes close attention to issues such as succession planning

The Company is an equal opportunities employer and maintains Company procedures that guarantee all employees with equal access to employment opportunities.

The Company policy is to facilitate the employment of disabled people, their recruitment, training, career development and promotion, and the retention of employees who become disabled.

The Company policies relating to employee involvement continue to be updated in the light of best practice. Employees and their representatives are briefed, consulted and provided with information in a variety of ways designed to ensure that they are kept fully informed about developments in the Group including health and safety and financial performance.

### **Community and the Environment**

We recognise the environmental impact of our use of raw materials including use of energy, water and generation of waste; as well as the use and disposal of our products. We are committed to reducing our impact on the environment and improving internally, through our proactive environmental policies, energy reduction measures and various recycling programmes. The Company has invested in a specific recycling technology which allows us to recycle substantially all of our scrap and waste material, re-granulating it so it can be re-used, making our manufacturing process both environmentally and financially efficient.

## **Strategic report** *(continued)*

### **Business Conduct**

The Company recognises the importance of combating slavery, forced labour and human trafficking (“Modern Slavery”), a set of growing interest issues that affect communities and individuals across the globe. The Company has a zero-tolerance approach to all forms of modern slavery within its operations and supply chain and recognises that no sector cannot be excluded.

The Company is committed to acting with integrity and transparency in this sensitive matter and is conscious of its responsibility to be alert to any risks within its business and to the wider supply chain.

The Company and Thrace Group do not accept under any circumstances modern slavery and is committed to act in an ethical way and with integrity in all business dealings, which is reflected to its global policies that aim to eliminate, as much as possible, the risk of modern slavery in any part of its business operation or its supply chain.

Everyone working for or on behalf of the Company, including directors, employees and suppliers must adhere to the Company’s ethical conduct policies. One of the cornerstones of such policies is the protection of employees from being abused and exploited, either within the Company itself or within its global supply chain.

The Company’s employees have the right and obligation to report potential violations, which include circumstances that may give rise to an enhanced risk of modern slavery incidents or practices, by contacting the representatives in the Human Resources department. These reports can be made either – in name or anonymously – in person or by phone or email.

The Company recognises that the greatest risk of modern slavery incident detection is in its supply chain, where initiatives to identify and mitigate the relevant risks are actively implemented. Within this framework, the Company is committed to comply with the human rights policy and take the necessary steps in order to ensure its implementation.

### **Shareholders**

The Board of Directors consider and only approve items of business that would promote the success of the Company and in the best interests of the Company, the Company’s immediate shareholders, the ultimate parent Thrace Plastics Co SA and its stakeholders.

On behalf of the Board



**CJ Johnson**  
*Director*

Newfordpark House  
Glamis Road  
Forfar  
DD8 1FR

31 March 2022

## Directors' report

The Directors present their Directors' report and the audited consolidated financial statements for the year ended 31 December 2021.

### General information

Don & Low Limited (the "Company") is a private company limited by shares incorporated in Scotland and domiciled in Scotland with a place of business and registered office at Newfordpark House, Glamis Road, Forfar.

### Results and dividends

The consolidated statement of comprehensive income on page 13 shows a profit for the financial year of £34,114,000 (2020: £12,234,000) before the exceptional item and £32,197,000 (2020: £9,456,000) after exceptional items. The consolidated balance sheet on page 15 shows an increase in net assets for the financial year to £67,485,000 from £35,258,000 in 2020.

A dividend of £2,000,000 was paid on 9 April 2021 and £5,000,000 was paid on 22 October 2021 (2020: £1,500,000). The Directors' do not propose a further dividend for the year (2020: nil).

### Post balance sheet subsequent event

After the closure of the 2021 financial year, there were no events that could have significant effects on the Company's financial statements.

However, it should be noted that at the date of preparation of the financial statements there is a war in Ukraine. This factor was considered as an event which does not trigger adjustments to the financial statements since the invasion of Ukraine started on 24 February 2022.

The Group has assessed and will continue to assess the implications of the events in Ukraine. Currently there is considered to be no significant impact to the Group's financial performance or position.

### Risk management

The Group's operations expose it to a variety of financial risks that include foreign exchange risk, credit risk, liquidity risk and interest rate risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs, these risks and policies are noted in the Strategic Report. The Group does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Group's finance department.

### Financial management

The Group prepares a detailed annual budget and this becomes the key document against which performance during the year is monitored.

### Research and development

Product improvement and development is an essential aspect of the business and considerable resource is dedicated to this end, all costs are written off during the year where they do not meet the criteria for capitalisation under IAS38.

### Directors

The directors of the Company who were in office during the year and up to the date of signing of the financial statements were:

Vasilios Zairopoulos (Chairman)  
Konstantinos Halioris  
Colin James Johnson  
Keith William Galloway  
Dimitrios Malamos (appointed 29 March 2022)

In terms of the Articles of Association, Directors are not subject to retirement by rotation.



## **Directors' report** *(continued)*

### **Directors' qualifying third party indemnity provisions**

The Company maintains liability insurance for the Directors and officers. The policy does not provide cover in the event that a Director or officer is proved to have acted fraudulently or dishonestly. The Company has agreed to indemnities, in force for the year ended 31 December 2021 and at the date of signing these financial statements, which indemnify the Directors to the extent permitted by applicable law and the Company's articles of association in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors of the Company or any of its subsidiaries

### **Employees**

The Company is an equal opportunities employer and maintains Company procedures that guarantee all employees with equal access to employment opportunities.

The Company policy is to facilitate the employment of disabled people, their recruitment, training, career development and promotion, and the retention of employees who become disabled.

### **Employee engagement statement**

The Company has internal communication channels that ensures that all employees are communicated to in a timely manner. Employees and their representatives are briefed, consulted and provided with information in a variety of ways including common area notice boards and intranet sites, designed to ensure that they are kept fully informed about developments in the Group including health and safety and financial performance.

### **Statement on engagement with supplier, customers and others in a business relationship with the Company**

The Company maintains and develops relationships with business partners who share the same values and update our partner requirements in line with best practice to reinforce our culture of social responsibility.

### **Health and safety**

The Group uses BUPA for advice on occupational health matters and the provision of trained nursing staff. In addition, employees with training in first aid are present in all locations at all times. Environmental working conditions at all locations are monitored by trained staff.

The Group has complied with the Health and Safety at Work Act 1974 in issuing a written statement of its general policy on the health and safety of its staff, and the organisation and arrangements for carrying out that policy.

### **Political contributions**

It is the Group's policy that no political contributions are made.

## Directors' report *(continued)*

### Streamlined Energy and Carbon Reporting (SECR)

The Companies Act 2006 (Strategic Report and Directors' Report) Regulation 2018 requires Don & Low Limited 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 12-month period ending 31st December 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 consumption, gaseous fuels such as natural gas and LPG, and business travel in company-owned and grey fleet vehicles. The table below details the regulated SECR energy and GHG emission sources from the current and previous reporting periods.

	2021	2020	% change
<b>Energy (kWh)</b>			
Electricity	37,433,819	33,510,701	+11.7%
Natural Gas	7,962,057	4,969,970	+60.2%
LPG	816,106	671,894	+21.5%
Grey fleet	46,638	58,994	-20.9%
Company vehicles	9,991	10,975	-9.0%
<b>Total energy</b>	<b>46,268,611</b>	<b>39,222,534</b>	<b>+18.0%</b>
<b>Emissions (tCO<sub>2</sub>e)</b>			
Electricity (LBM)	7,948.4	7,812.7	+1.7%
Electricity (MBM)*	7,224.7	5,964.9	+21.1%
Natural gas	1,458.3	913.8	+59.6%
LPG	175.0	127.3	+37.5%
Grey fleet	13.5	14.2	-4.9%
Company vehicles	2.3	2.5	-8.0%
<b>Total SECR emissions</b>	<b>9,597.5</b>	<b>8,870.5</b>	<b>+8.2%</b>
<b>Emission intensity ratio</b>			
Intensity metric (£m turnover)	121.7	80.2	+51.7%
<b>Emissions intensity (tCO<sub>2</sub>e / £m turnover)</b>	<b>78.9</b>	<b>110.6</b>	<b>-28.7%</b>

*\*Included for comparison only*

The Company is committed to reducing its environmental impact and contribution to climate change through continuous improvement procedures, with energy efficiency remaining a key part of business strategy. Energy and production data is actively monitored against pre-determined efficiency targets in exchange for a discount on Climate Change Levy as part of participation in the Climate Change Agreement scheme. New innovations and improvements to process equipment are regularly appraised to facilitate achieving these targets.

### Methodology

All activity data have been converted into equivalent energy and GHG emissions using emissions factors published by BEIS in 2021. Electricity and natural gas disclosures have been calculated using metered kWh consumption taken from supplier fiscal invoices. Scope 2 GHG emissions associated with electricity have been reported using both location-based (LBM) and market-based (MBM) methodologies. LBM emissions have been carried into the total emissions figure – corresponding MBM emissions have been included for comparison only.

LPG disclosures have been calculated based on fiscal invoices provided by suppliers. FY20 LPG consumption has been re-stated – as a result, total FY20 emissions have been revised from 8,763.1 to 8,870.5 tCO<sub>2</sub>e, a 1.2% increase. Transport disclosures are derived from a combination of fuel card transaction reports and business mileage expense claim records. Where vehicle information such as engine size and type was not held against each mileage claim, a vehicle of average size and fuel type was assumed.

## **Directors' report** *(continued)*

### **Future Developments**

Future developments are noted separately in the Strategic report on page 3.

### **Disclosure of information to auditors**

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group and parent Company's auditors are unaware; and each Director has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group and parent Company's auditors are aware of that information.

### **Independent Auditors**

PricewaterhouseCoopers LLP were appointed as auditors to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

On behalf of the Board



**CJ Johnson**  
*Director*

Newfordpark House  
Glamis Road  
Forfar  
DD8 1FR

31 March 2022

## **Statement of directors' responsibilities in respect of the Annual report and consolidated financial statements**

The directors are responsible for preparing the Annual report and consolidated financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. 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 group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether International Accounting Standards in conformity with the requirements of the Companies Act 2006 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

# Independent auditors' report to the members of Don & Low Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Don & Low Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and consolidated financial statements (the "Annual Report"), which comprise: the Consolidated and Company Balance Sheets as at 31 December 2021; the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Cash Flows and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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 the 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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## **Responsibilities for the financial statements and the audit**

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

As explained more fully in the Statement of directors' responsibilities in respect of the Annual report and consolidated financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 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 an auditors' 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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment regulations, health and safety requirements and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Evaluation of the design effectiveness of management's controls designed to prevent and detect irregularities;
- Inquiries with the Managing Director, Finance Director and the HR Manager, including consideration of known or suspected instances of tax matters, non-compliance with laws and regulations and fraud;
- Review of Board minutes;
- Challenging assumptions made by management in its significant accounting estimates, in particular in relation to carrying values of property, plant and equipment and valuation of the defined benefit plan;
- Identifying and testing the validity of journal entries, in particular any journal entries posted with unusual account combinations and unusual words; and
- Testing of revenue transactions close to the year end to verify these have been recognised in compliance with the requirements of IFRS 15.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



David R Morrice (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Aberdeen  
31 March 2022

## Consolidated Statement of Comprehensive Income for the year ended 31 December 2021

	Note(s)	2021 Pre- exceptional items £000	2021 Exceptional items £000	2021 Total £000	2020 Pre- exceptional items £000	2020 Exceptional items £000	2020 Total £000
<b>Revenue</b>							
Cost of sales	2	121,659 (67,979)	-	121,659 (67,979)	80,213 (57,243)	-	80,213 (57,243)
<b>Gross profit</b>		<b>53,680</b>	<b>-</b>	<b>53,680</b>	<b>22,970</b>	<b>-</b>	<b>22,970</b>
Other operating income		428	-	428	47	-	47
Distribution expenses	3	(5,127)	-	(5,127)	(5,042)	-	(5,042)
Administrative expenses		(4,118)	-	(4,118)	(3,166)	-	(3,166)
Research and development expenses	4	(996)	-	(996)	(772)	-	(772)
Exceptional expenses – Restructuring	6	-	(221)	(221)	-	(1,357)	(1,357)
Exceptional expenses – Impairment	6	-	(1,696)	(1,696)	-	(1,421)	(1,421)
<b>Operating profit</b>	4-7	<b>43,867</b>	<b>(1,917)</b>	<b>41,950</b>	<b>14,037</b>	<b>(2,778)</b>	<b>11,259</b>
Financial income	8	145	-	145	41	-	41
Financial expenses	8	(870)	-	(870)	(826)	-	(826)
<b>Net financing expense</b>		<b>(725)</b>	<b>-</b>	<b>(725)</b>	<b>(785)</b>	<b>-</b>	<b>(785)</b>
<b>Profit before tax</b>		<b>43,142</b>	<b>(1,917)</b>	<b>41,225</b>	<b>13,252</b>	<b>(2,778)</b>	<b>10,474</b>
Taxation	9	(9,028)	-	(9,028)	(1,018)	-	(1,018)
<b>Profit for the year</b>		<b>34,114</b>	<b>(1,917)</b>	<b>32,197</b>	<b>12,234</b>	<b>(2,778)</b>	<b>9,456</b>



## Consolidated Statement of Comprehensive Income for the year ended 31 December 2021


	Notes	2021	2021	2021	2020	2020	2020
		Pre- exceptional items £000	Exceptional items £000	Total exceptional items £000	Pre- exceptional items £000	Exceptional items £000	Total £000
<b>Other comprehensive income/(expense)</b>							
<i>Items that will not be reclassified to profit or loss:</i>							
Remeasurement of defined benefit liability	20	8,695	-	8,695	(1,086)	-	(1,086)
Income tax on items that will not be reclassified to profit or loss	9	(1,862)	-	(1,862)	349	-	349
<i>Items that are or may be reclassified subsequently to profit or loss:</i>							
Income tax on items that are or may be subsequently reclassified to profit or loss	9	210	-	210	54	-	54
Foreign operations – foreign currency translation differences		(13)	-	(13)	8	-	8
<b>Other comprehensive income/(expense) for the year, net of income tax</b>		<b>7,030</b>	<b>-</b>	<b>7,030</b>	<b>(675)</b>	<b>-</b>	<b>(675)</b>
<b>Total comprehensive income for the year</b>		<b>41,144</b>	<b>(1,917)</b>	<b>39,227</b>	<b>11,559</b>	<b>(2,778)</b>	<b>8,781</b>

Revenue and profit before income tax arose wholly from continuing operations.

**Consolidated Balance Sheet**  
*at 31 December 2021*

	<i>Note</i>	<b>2021</b> <b>£000</b>	<b>2020</b> <b>£000</b>
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>43,195</b>	46,839
Right of use assets	<i>11</i>	<b>282</b>	289
Intangible assets	<i>12</i>	<b>195</b>	311
		<hr/> <b>43,672</b> <hr/>	<hr/> <b>47,439</b> <hr/>
<b>Current assets</b>			
Inventories	<i>15</i>	<b>11,754</b>	11,195
Trade and other receivables	<i>16</i>	<b>13,292</b>	12,973
Corporation tax		<b>403</b>	199
Cash and cash equivalents	<i>17</i>	<b>31,681</b>	7,087
		<hr/> <b>57,130</b> <hr/>	<hr/> <b>31,454</b> <hr/>
<b>Total assets</b>		<hr/> <b>100,802</b> <hr/>	<hr/> <b>78,893</b> <hr/>
<b>Current liabilities</b>			
Trade and other payables	<i>19</i>	<b>(17,781)</b>	(15,059)
Loans and borrowings	<i>18</i>	<b>(2,120)</b>	(3,526)
		<hr/> <b>(19,901)</b> <hr/>	<hr/> <b>(18,585)</b> <hr/>
<b>Non-current liabilities</b>			
Loans and borrowings	<i>18</i>	<b>(6,812)</b>	(12,426)
Employee benefits	<i>20</i>	<b>(1,700)</b>	(11,500)
Deferred income		<b>(199)</b>	(214)
Deferred tax liabilities	<i>14</i>	<b>(4,705)</b>	(910)
		<hr/> <b>(13,416)</b> <hr/>	<hr/> <b>(25,050)</b> <hr/>
<b>Total liabilities</b>		<hr/> <b>(33,317)</b> <hr/>	<hr/> <b>(43,635)</b> <hr/>
<b>Net assets</b>		<hr/> <b>67,485</b> <hr/>	<hr/> <b>35,258</b> <hr/>
<b>Equity</b>			
Share capital	<i>21</i>	<b>5,737</b>	5,737
Reserves		<b>684</b>	684
Translation reserve		<b>(18)</b>	(5)
Retained earnings		<b>61,082</b>	28,842
		<hr/> <b>67,485</b> <hr/>	<hr/> <b>35,258</b> <hr/>
<b>Total equity</b>		<hr/> <b>67,485</b> <hr/>	<hr/> <b>35,258</b> <hr/>

These financial statements on pages 13 to 57 were approved by the board of directors on 31 March 2022 and were signed on its behalf by:



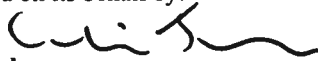
**CJ Johnson**  
*Director*

**Company Balance Sheet**  
*at 31 December 2021*

	<i>Note</i>	<b>2021</b> <b>£000</b>	2020 £000
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>43,195</b>	46,839
Right of use assets	<i>11</i>	<b>282</b>	289
Intangible assets	<i>12</i>	<b>195</b>	311
Investments in subsidiaries	<i>13</i>	<b>575</b>	575
		<b>44,247</b>	48,014
<b>Current assets</b>			
Inventories	<i>15</i>	<b>11,754</b>	11,195
Trade and other receivables	<i>16</i>	<b>13,291</b>	12,955
Corporation tax		<b>403</b>	208
Cash and cash equivalents	<i>17</i>	<b>31,642</b>	6,970
<b>Total current assets</b>		<b>57,090</b>	31,328
<b>Total assets</b>		<b>101,337</b>	79,342
<b>Current liabilities</b>			
Trade and other payables	<i>19</i>	<b>(18,354)</b>	(15,627)
Loans and borrowings	<i>18</i>	<b>(2,120)</b>	(3,526)
		<b>(20,474)</b>	(19,153)
<b>Non-current liabilities</b>			
Loans and borrowings	<i>18</i>	<b>(6,812)</b>	(12,426)
Employee benefits	<i>20</i>	<b>(1,700)</b>	(11,500)
Deferred income		<b>(199)</b>	(214)
Deferred tax liabilities	<i>14</i>	<b>(4,705)</b>	(910)
		<b>(13,416)</b>	(25,050)
<b>Total liabilities</b>		<b>(33,890)</b>	(44,203)
<b>Net assets</b>		<b>67,447</b>	35,139
<b>Equity</b>			
Share capital	<i>21</i>	<b>5,737</b>	5,737
Reserves		<b>684</b>	684
Retained earnings		<b>61,026</b>	28,718
<b>Total equity</b>		<b>67,447</b>	35,139

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £32,265,000 (2020: £9,422,000).

These financial statements on pages 13 to 57 were approved by the board of directors on 31 March 2022 and were signed on its behalf by:

  
**CJ Johnson**  
Director

## Consolidated Statement of Changes in Equity for year ended 31 December 2021

	Translation reserve £000	Share capital £000	Reserve for own shares £000	Retained earnings £000	Total £000
Balance at 1 January 2021	(5)	5,737	684	28,842	35,258
<b>Total comprehensive income</b>					
Profit for the year	-	-	-	32,197	32,197
<b>Other comprehensive income/(expense)</b>					
Remeasurement of defined benefit liability, net of tax	-	-	-	7,043	7,043
Foreign operations – foreign currency translation differences	(13)	-	-	-	(13)
Total comprehensive income for the year	(13)	-	-	39,240	39,227
Dividends paid	-	-	-	(7,000)	(7,000)
Total contributions by and distribution to owners	-	-	-	(7,000)	(7,000)
<b>Balance at 31 December 2021</b>	<b>(18)</b>	<b>5,737</b>	<b>684</b>	<b>61,082</b>	<b>67,485</b>

	Translation Reserve £000	Share capital £000	Reserve for own shares £000	Retained earnings £000	Total £000
Balance at 1 January 2020	(13)	5,737	684	21,569	27,977
<b>Total comprehensive income</b>					
Profit for the year	-	-	-	9,456	9,456
<b>Other comprehensive (expense)/income</b>					
Remeasurement of defined benefit liability, net of tax	-	-	-	(683)	(683)
Foreign operations – foreign currency translation differences	8	-	-	-	8
Total comprehensive income for the year	8	-	-	8,773	8,781
Dividends paid	-	-	-	(1,500)	(1,500)
Total contributions by and distribution to owners	-	-	-	(1,500)	(1,500)
<b>Balance at 31 December 2020</b>	<b>(5)</b>	<b>5,737</b>	<b>684</b>	<b>28,842</b>	<b>35,258</b>

The aggregate current and deferred tax credit relating to items that are credited to equity is £1,652,000 (2020: £403,000).

## Company Statement of Changes in Equity

for year ended 31 December 2021

	Share capital £000	Reserve for own shares £000	Retained earnings £000	Total £000
Balance at 1 January 2021	5,737	684	28,718	35,139
<b>Total comprehensive income</b>				
Profit for the year	-	-	32,265	32,265
<b>Other comprehensive income</b>				
Remeasurement of defined benefit liability net of tax	-	-	7,043	7,043
Total comprehensive income for the year	-	-	39,308	39,308
Dividends paid	-	-	(7,000)	(7,000)
Total contributions by and distribution to owners	-	-	(7,000)	(7,000)
<b>Balance at 31 December 2021</b>	<b>5,737</b>	<b>684</b>	<b>61,026</b>	<b>67,447</b>
	Share capital £000	Reserve for own shares £000	Retained earnings £000	Total £000
Balance at 1 January 2020	5,737	684	21,479	27,900
<b>Total comprehensive income</b>				
Profit for the year	-	-	9,422	9,422
<b>Other comprehensive expense</b>				
Remeasurement of defined benefit liability net of tax	-	-	(683)	(683)
Total comprehensive income for the year	-	-	8,739	8,739
Dividends paid	-	-	(1,500)	(1,500)
Total contributions by and distribution to owners	-	-	(1,500)	(1,500)
<b>Balance at 31 December 2020</b>	<b>5,737</b>	<b>684</b>	<b>28,718</b>	<b>35,139</b>

The aggregate current and deferred tax credit relating to items that are credited to equity is £1,652,000 (2020: £403,000).

**Consolidated and Company Statements of Cash Flows**  
*for year ended 31 December 2021*

	Note (s)	Group		Company	
		2021 £000	2020 £000	2021 £000	2020 £000
<b>Cash flows from operating activities</b>					
Profit for the year		32,197	9,456	32,265	9,422
Adjustments for:					
Depreciation and amortisation	10 12	5,682	4,510	5,682	4,510
Impairment of assets		1,696	1,421	1,696	1,421
Gain on sale of property, plant and equipment	3	(425)	(44)	(425)	(44)
Net finance expense		725	785	725	785
Dividends received		-	-	(55)	-
Taxation	9	9,028	1,018	9,031	1,010
		<hr/> 48,903	<hr/> 17,146	<hr/> 48,919	<hr/> 17,104
Change in inventories		(559)	1,645	(559)	1,645
Change in trade and other receivables		952	(399)	935	(439)
Change in trade and other payables		2,722	4,286	2,727	4,252
Change in provisions and employee benefits		(1,505)	(886)	(1,505)	(886)
Change in deferred income, including government grant		(15)	(3)	(15)	(3)
Tax paid		(7,080)	(583)	(7,077)	(583)
		<hr/> 43,418	<hr/> 21,206	<hr/> 43,425	<hr/> 21,090
<b>Cash flows from investing activities</b>					
Interest received		145	41	145	41
Loan provided to related party		(1,271)	-	(1,271)	-
Payments for additions to property, plant and equipment		(4,119)	(18,564)	(4,119)	(18,564)
Proceeds from sale of property, plant and equipment		1,035	135	1,035	135
		<hr/> (4,210)	<hr/> (18,388)	<hr/> (4,210)	<hr/> (18,388)
<b>Cash flows from financing activities</b>					
Dividends received		-	-	55	-
Dividends paid		(7,000)	(1,500)	(7,000)	(1,500)
Repayment of borrowings		(7,538)	(1,186)	(7,538)	(1,186)
New borrowings		-	3,415	-	3,415
Interest paid		(60)	(344)	(60)	(344)
		<hr/> (14,598)	<hr/> 385	<hr/> (14,543)	<hr/> 385
<b>Net cash (used in)/from financing activities</b>					
Net increase in cash and cash equivalents		24,610	3,203	24,672	3,087
Cash and cash equivalents at 1 January		7,087	3,882	6,970	3,885
Effect of exchange rate fluctuations on cash held		(16)	2	-	(2)
		<hr/> 31,681	<hr/> 7,087	<hr/> 31,642	<hr/> 6,970
<b>Cash and cash equivalents at 31 December</b>	17				

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Don & Low Limited (the “Company”) is a private company limited by shares incorporated in Scotland. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”). The registered number is SC005657 and the registered address is Newfordpark House, Glamis Road, Forfar, DD8 1FR.

The parent company financial statements present information about the Company as a separate entity and not about its Group. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

#### Statement of compliance

Both the parent company financial statements and the Group financial statements have been prepared and approved by the Directors in accordance with the UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

#### Going concern

The ability of the company to continue as a going concern is contingent on the ongoing viability of the Group. The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty, particularly over the level of demand for the Group’s products, and the availability of bank finance for the foreseeable future. The Group’s forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

The Group prepared updated forecasts and projections over 2022 and 2023 to test resilience of the Group. The outcome of this process was assessed in line with the current cash on hand, available overdraft and other borrowing facilities and this showed the Group should be able to operate within the level of these facilities.

Having assessed the principal risks and the other matters discussed in the annual report, the directors considered it appropriate to adopt the going concern basis of accounting in preparing its consolidated financial statements.

#### Measurement convention

The financial statements are prepared on the historical cost basis except that certain items of property are measured at deemed cost as set out in the property, plant and equipment section of this note. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell.

These financial statements have been prepared in pounds sterling which is the functional currency. All financial information has been rounded to the nearest thousand unless otherwise stated.

## Notes (continued)

### 1 Accounting policies (continued)

#### Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. No profit and loss account is presented for Don & Low Limited as exempt by virtue of section 408 of the Companies Act 2006.

#### Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

The assets and liabilities of foreign operations are translated to the Group's presentational currency at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising for this translation of foreign operations are taken to the translation reserve.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income accumulated in the translation reserve or non-controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the translation reserve, net of amounts previously attributed to non-controlling interests, is recycled to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture, the relevant proportion of the cumulative amount is recycled to profit or loss.

#### Classification of financial instruments issued by the Group

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.



## Notes (continued)

### 1 Accounting policies (continued)

#### Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

##### *Trade and other receivables*

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost, less any impairment losses.

The group has adopted the simplified expected credit loss model for its trade receivables and contract assets, as required by paragraph 5.5.15 of IFRS 9.

##### *Trade and other payables*

Trade and other payables are stated at cost.

##### *Investments in subsidiaries*

Investments in subsidiaries are carried at cost less impairment.

##### *Cash and cash equivalents*

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

##### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. When the terms of an Interest-bearing borrowings are modified (for example, extension of the term, or change the payment structure), the Company would assess the cash flows under the modified terms by rediscounting the cashflows at the original effective interest rate. If the modification is considered an extinguishment of the initial debt, the new modified debt is recorded at fair value, and a gain/loss is recognised immediately in the income statement for the difference between the carrying amount of the old debt and the new debt.

#### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to transition adopt IFRS, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Land and buildings 35-40 years
- Plant and equipment 4-10 years
- Motor vehicles 4 years

#### Intangible fixed assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation 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:

- Other intangibles 5 years

## Notes (continued)

### 1 Accounting policies (continued)

#### Leases

The group leases various equipment and vehicles. Rental contracts are typically made for fixed periods of 3 to 7 years. Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Don and Low, which does not have recent third-party financing; and
- makes adjustments specific to the lease, for example term, country, currency and security.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right of use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

## Notes (continued)

### 1 Accounting policies (continued)

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

#### Impairment

The carrying amounts of the Group's assets other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

#### *Calculation of recoverable amount*

The recoverable amount of assets or cash generating unit is the greater of their fair value less cost 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### *Reversals of impairment*

An impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### Research and development

Expenditure on research is written off in the year in which it is incurred. Any costs which meet the criteria for development under IAS 38 are capitalised.

#### Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Revenue grants are released to profit over the life of the project to which they relate.

#### Employee benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss as incurred.

##### *Defined benefit plans*

A deferred benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) is deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. The Group determines the net interest on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligations at the beginning of the annual period to the net defined benefit liability.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### **Employee benefits** *(continued)*

The Group recognises actuarial gains and losses in the period they occur directly into equity through the statement of comprehensive income.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit and loss.

The calculation of the defined obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refund from the plan or reduction in future contributions and takes into account the adverse effect of any minimum funding requirements.

#### **Revenue Recognition**

The revenues from the sale of goods are recognised when the control of the good is transferred to the customer, usually upon delivery of the good, and therefore all relevant obligations have been fulfilled meaning that the acceptance of the good by the customer cannot be negatively affected.

The receivable is recognised when the Group (or Company) possesses the right to receive unconditionally the price amount in exchange for the executed obligations of the contract towards the customer.

The conventional asset is recognized when the Group (or Company) has satisfied its obligations towards the customer, and before the customer makes the respective payment or before the payment becomes claimable. The payment usually becomes claimable between 30 – 90 days.

The conventional obligation is recognised when the Group (or Company) receives an amount (price) from the customer (advance payment) or when it maintains the right over a price consideration which is unconditional (deferred income) prior to the execution of the obligations of the contract and the transfer of the goods or the services. The conventional obligation is de-recognised when all the terms of the contracts have been executed and the revenue has been recorded in the statement of income.

Volume based rebates are recognised within turnover in line with the agreed contractual terms when it is probable that they will be paid by the Company

#### **Expenses**

##### *Net financing costs*

Net financing costs comprise interest payable, interest receivable on funds invested and foreign exchange gains and losses that are recognised in the income statement.

Interest income and interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

#### **Dividends**

Dividends to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the company's shareholders.

#### **Exceptional items**

Exceptional items are transactions which fall within the ordinary activities of the Group but are presented separately due to their size or incidence. By their nature these items are not expected to recur in future periods.

## Notes (continued)

### 1 Accounting policies (continued)

#### Taxation

Tax on the profit or loss 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 directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

#### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### *Pension benefits- Estimate*

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of judgements. The assumptions used in determining the net cost (income) for pensions include the discount rate, inflation, future salary increase and mortality. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group makes a judgement on the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

*Recognition of defined benefit surplus (note 20) – assessing the extent to which the value of the defined benefit surplus can be recognised in the statement of financial position - Judgement*

In accordance with IAS 19 ‘Employee benefits’ and IFRIC 14 ‘The limit on a defined benefit asset, minimum funding requirements’, the full value of any calculated surplus is currently recognised as the Group has an unconditional right to refund, assuming the gradual settlement of the schemes’ liabilities over time until all members have left the schemes.

##### *Estimation of impairment of property, plant and equipment and their useful live - Estimate*

The Group’s management considers on an annual basis whether property, plant and equipment and suffered impairment in accordance with accounting policies stated above. The recoverable amounts of the assets are estimated based on the value-in-use method or fair value less cost of disposal. The value in use method uses the estimated cash flow projections over the estimated useful life of the asset discounted using market rates.

The Group’s management estimate the useful lives of the property plant and equipment and the related depreciation charge. The depreciation charge for the year will change significantly if actual life is different from the estimated useful life of the asset.

## Notes (continued)

### 1 Accounting policies (continued)

#### Critical accounting estimates and judgements (continued)

##### *Inventory provisioning- Estimate*

The Group considers the recoverability of the cost of the inventory and associated provisioning required. When calculating the inventory provision, management estimate the nature and condition of inventory, as well as applying assumptions around anticipated saleability of finished goods and future of raw materials.

##### *Trade receivables - Estimate*

The Group considers the recoverability of trade receivables balances, and provides for all balances where the company makes a judgement that there to be a risk with regard to recovery of the full amount.

##### *Climate change - Estimate*

The Group recognises that there may be potential financial implications in the future from climate change risk. The Group expects that climate change policies, legislation and regulation will increase, and likely on accelerating timelines in order to meet the Government targets which, although will result in intended benefits, is likely to increase associated costs and administration requirements. These in due course may well have an impact across a number of areas of accounting including impairment, fair values, increased costs, onerous contracts and contingent liabilities. However as at the balance sheet date the Group believes there is no material impact on the balance sheet carrying values of assets or liabilities. Although this is an estimate, it is not considered a critical estimate, as management's view is that at the end of the current reporting period there is no significant risk of climate change resulting in a material adjustment to the carrying amounts of assets and liabilities, within the next financial year.

#### New and amended standards and interpretations

During the year, the group adopted the following new and amended IFRSs for the first time for their annual reporting period commencing 1 January 2021:

- COVID-19-Related Rent Concessions – amendments to IFRS 16, and

In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic.

- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The adoption of these standards does not have a material impact on the Group in the current or future reporting periods.

#### New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- Annual Improvements to IFRS Standards 2018-2020, and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12

## Notes (continued)

### 1 Accounting policies (continued)

#### Significant events occurring after the end of the year

After the closure of the 2021 financial year, there were no events that could have significant effects on the company's financial statements.

However, it should be noted that at the date of preparation of the financial statements there is a war in Ukraine. This factor was considered as an event which does not trigger adjustments to the financial statements since the invasion of Ukraine started on 24 February 2022.

The Group has assessed and will continue to assess the implications of the events in Ukraine. Currently there is considered to be no significant impact to the Group's financial performance or position.

### 2 Revenue

#### Business divisions

The Group comprises the following main business divisions:

Technical Textiles - the manufacture and sale of woven polyolefin textiles.

Nonwovens - the manufacture and sale of nonwoven polyolefin textiles.

#### Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	Technical Textiles continuing operations		Nonwovens continuing operations		Consolidated	
	2021	2020	2021	2020	2021	2020
	£000	£000	£000	£000	£000	£000
Total revenue from sales to external customers:	<b>28,912</b>	28,231	<b>92,747</b>	51,982	<b>121,659</b>	80,213

## Notes (continued)

### 2 Revenue analysis (continued) Geographical segments

	UK		Europe – EC		Europe – other		Other regions		Consolidated	
	Continuing operations		Continuing operations		Continuing operations		Continuing operations		2021	2020
	2021	2020	2021	2020	2021	2020	2021	2020	£000	£000
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Revenue from external customers	107,693	53,142	11,365	11,638	850	602	1,751	14,831	121,659	80,213



## Notes (continued)

### 3 Other operating income

	2021 £000	2020 £000
Government grants	3	3
Gain on disposal of fixed assets	425	44
	<u>428</u>	<u>47</u>

There are no unfulfilled conditions or other contingencies attached to government assistance that has been recognised.

### 4 Operating profit

Included in operating profit are the following:

	2021 £000	2020 £000
Foreign exchange (gains)/losses	(6)	19
Research and development expensed as incurred	996	772
	<u>£000</u>	<u>£000</u>
<i>Auditors' remuneration:</i>		
Audit of these financial statements	115	101

### 5 Staff numbers and costs – Group and Company

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

	2021 Number	2020 Number
Manufacturing	338	356
Selling	32	31
Administration	22	22
	<u>392</u>	<u>409</u>

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	13,207	12,500
Social security costs	1,210	1,069
Pension costs – defined contribution plans	836	818
	<u>15,253</u>	<u>14,387</u>

## Notes (continued)

### 6 Exceptional expenses

	2021 £000	2020 £000
Exceptional reorganisation expenses	221	1,357
Impairment of property, plant and equipment	1,696	1,421
	<u>1,917</u>	<u>2,778</u>

The exceptional reorganisation expenses represent redundancy and related costs as a result of the Group's restructuring process.

The exceptional expenses relating to impairment of property, plant and equipment represent a write down of four fixed assets (2020: one) to recoverable value. The method used to determine fair value is described in note 10.

### 7 Directors' emoluments

Key management of the Group are the executive members of the board of directors. Key management personnel remuneration includes the following expenses:

	2021 £000	2020 £000
Directors' emoluments	368	410
Short term employee benefits	19	19
Post-employment benefits	18	12
	<u>405</u>	<u>441</u>

The aggregate emoluments of the highest paid director was £290,000 (2020: £244,000). This includes company contributions to the pension scheme of £13,000 (2020: £7,000). Under the defined benefit scheme his accrued pension at the year end was £40,000 (2020: £40,000). He has no entitlement to an accrued lump sum.

	Number of directors 2021 Number	2020 Number
Retirement benefits are accruing to the following number of directors under:		
Defined contribution scheme	2	2
	<u>2</u>	<u>2</u>

## Notes (continued)

### 8 Financial income and expenses

	<b>2021</b>	2020
	<b>£000</b>	£000
<i>Financial income</i>		
Interest income	<b>86</b>	41
Amortisation	<b>53</b>	-
Foreign exchange gain	<b>6</b>	-
	<hr/>	<hr/>
Total financial income	<b>145</b>	41
	<hr/> <hr/>	<hr/> <hr/>
<i>Financial expenses</i>		
Interest expense	<b>470</b>	307
Net interest on defined benefit pension plan obligation	<b>400</b>	500
Foreign exchange losses	<b>-</b>	19
	<hr/>	<hr/>
Total financial expenses	<b>870</b>	826
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 9 Taxation

#### Recognised in the statement of comprehensive income

	2021		2020
	£000	£000	£000
<i>Current tax expense</i>			
Current year	7,213		385
Adjustments in respect of prior year	(328)		-
Total current tax expense		6,885	385
<i>Deferred tax</i>			
Origination and reversal of temporary differences	2,054		707
Adjustments in respect of prior year	89		(74)
Total deferred tax excluding pension scheme movements		2,143	633
Total tax on statement of comprehensive income		9,028	1,018

#### Income tax recognition in other comprehensive income

	2021	2020
	£000	£000
Remeasurement of defined benefit liability	1,862	(349)
Corporation tax relief on contribution to pension scheme	(210)	(54)
	1,652	(403)

#### Reconciliation of effective tax rate

	2021	2020
	£000	£000
Profit before tax	41,225	10,474
Tax using the UK corporation tax rate of 19% (2020: 19%)	7,833	1,990
Tax liability at different rates	977	(287)
Other timing differences	11	197
Income not subject to tax	446	167
Utilisation of tax losses brought forward	-	(975)
Adjustments in respect of prior year	(239)	(74)
Total tax in statement of comprehensive income	9,028	1,018

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). The Government made a number of budget announcements on 3 March 2021. These include confirming that the rate of corporation tax will increase to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

**Notes (continued)**

**10 Property, plant and equipment – Group and Company**

	Land and buildings £000	Plant and equipment £000	Total £000
<b>Cost</b>			
Balance at 1 January 2020	16,623	86,703	103,326
Additions	309	18,259	18,568
Disposals	-	(2,048)	(2,048)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	16,932	102,914	119,846
	<hr/>	<hr/>	<hr/>
Balance at 1 January 2021	16,932	102,914	119,846
Additions	1,072	3,049	4,121
Disposals	-	(5,238)	(5,238)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2021	18,004	100,725	118,729
	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation and impairment</b>			
Balance at 1 January 2020	9,495	59,759	69,254
Depreciation charge for the year	523	3,766	4,289
Disposals	-	(1,957)	(1,957)
Impairment	-	1,421	1,421
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	10,018	62,989	73,007
	<hr/>	<hr/>	<hr/>
Balance at 1 January 2021	10,018	62,989	73,007
Depreciation charge for the year	477	4,982	5,459
Disposals	-	(4,628)	(4,628)
Impairment	-	1,696	1,696
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2021	10,495	65,039	75,534
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 2019	7,128	26,944	34,072
	<hr/>	<hr/>	<hr/>
At 31 December 2020	6,914	39,925	46,839
	<hr/>	<hr/>	<hr/>
At 31 December 2021	7,509	35,686	43,195
	<hr/>	<hr/>	<hr/>

Plant and equipment additions include £2,626,000 (2020: £354,000) of assets under construction that have not been depreciated in the current year. During the year £3,944,000 (2020: £18,544,000) were additions to assets under construction and £1,672,000 (2020: £19,492,000) was transferred to depreciable plant and equipment.

*Impairment analysis and key assumptions*

The Company has two cash generating units (“CGU”) – Technical Textiles and Nonwovens operations. The CGUs are determined by the two distinct product lines manufactured by the Company. The management of the Company annually assess the two CGUs for impairment indicators. Where impairment indicators are identified, management performs an impairment analysis for the relevant CGU. For the 2021 reporting period, the recoverable amount of the Company CGUs were determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The cash flow projections for terminal year were extrapolated to perpetuity using long term growth rates adopted by the management. The following table details the key assumptions used and how management has determined the values assigned to each of the key assumptions:

## Notes (continued)

### 10 Property, plant and equipment – Group and Company (continued)

Assumption	Value	Approach used to determine values
Discount rate (post tax)	7.22%	Reflects specific risks relating to the Company and the countries in which the products manufactured by the CGU are sold.
Long term growth rate	1.5%	Reflects the expected growth rate the Company is expected to achieve on a long-term basis which is mirrored based on expected inflation in the country in which the CGU operates
Revenue growth rates	4.55% to 26.36%	Average annual growth rate over the five-year forecast period; based on past performance, current order book, management's expectations of market development and the Company's plans to improve the sales mix.

Based on the impairment assessment performed above, no impairment relating to the Company CGUs were identified (except for an impairment of a group of assets). The Group has performed the following sensitivities. An increase of discount rate or decrease of long-term growth rate by 0.5% would not result in any impairment. Similarly, a reasonably possible change in the short-term growth rates and sales mix improvements did not result in an impairment.

An impairment charge of £1,696,000 (2020: £1,421,000) recognised in exceptional items within the Statement of comprehensive income relates to specific assets within both CGUs which have been impaired due lower utilisation levels of assets due to prevailing market conditions relevant to the group of assets impaired.

## Notes (continued)

### 11 Right of use assets – Group and Company

	<b>Motor vehicles £000</b>	<b>Total £000</b>
<b>Cost</b>		
Balance at 1 January 2020	213	213
Additions	235	235
	<hr/>	<hr/>
Balance at 31 December 2020	448	448
	<hr/>	<hr/>
Balance at 1 January 2021	448	448
Additions	106	106
Disposals	(63)	(63)
	<hr/>	<hr/>
Balance at 31 December 2021	491	491
	<hr/>	<hr/>
<b>Accumulated depreciation</b>		
Balance at 1 January 2020	55	55
Depreciation charge for the year	104	104
	<hr/>	<hr/>
Balance at 31 December 2020	159	159
	<hr/>	<hr/>
Balance at 1 January 2021	159	159
Depreciation charge for the year	107	107
Disposals	(57)	(57)
	<hr/>	<hr/>
Balance at 31 December 2021	209	209
	<hr/>	<hr/>
<b>Net book value</b>		
At 31 December 2020	289	289
	<hr/>	<hr/>
At 31 December 2021	282	282
	<hr/>	<hr/>

## Notes *(continued)*

### 12 Intangible assets – Group and Company

	<b>Other intangibles £000</b>	<b>Total £000</b>
<b>Cost</b>		
Balance at 1 January 2020	583	583
	<hr/>	<hr/>
Balance at 31 December 2020	583	583
	<hr/>	<hr/>
Balance at 1 January 2021	583	583
	<hr/>	<hr/>
Balance at 31 December 2021	583	583
	<hr/>	<hr/>
<b>Accumulated amortisation</b>		
Balance at 1 January 2020	155	155
Amortisation	117	117
	<hr/>	<hr/>
Balance at 31 December 2020	272	272
	<hr/>	<hr/>
Balance at 1 January 2021	272	272
Amortisation charge for the year	116	116
	<hr/>	<hr/>
Balance at 31 December 2021	388	388
	<hr/>	<hr/>
<b>Net book value</b>		
At 31 December 2020	311	311
	<hr/>	<hr/>
At 31 December 2021	195	195
	<hr/>	<hr/>



## Notes (continued)

### 13 Investments in subsidiaries

The Company has the following investments in subsidiaries:

				£000
				575
At beginning and end of year				
Company	Registered office	Principal activities	Class of shares held	Ownership held by the Group and Company
				2021 2020
Don & Low (Holdings) Limited	Newfordpark House, Glamis Road, Forfar, DD8 1FR	Dormant	Ordinary shares	100% 100%
Don & Low Nonwovens Limited	Newfordpark House, Glamis Road, Forfar, DD8 1FR	Dormant	Ordinary shares	100% 100%
Don & Low Australia Pty Limited	Suite 5A, 307 Wattletree Road, Malvern East, Victoria 3145, Australia	Distribution Company	Ordinary shares	100% 100%

### 14 Deferred tax assets and liabilities – Group and Company

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
	£000	£000	£000	£000	£000	£000
Property, plant and equipment	-	-	(5,028)	(3,120)	(5,028)	(3,120)
Employee benefits	323	2,210	-	-	323	2,210
Net tax assets/(liabilities)	323	2,210	(5,028)	(3,120)	(4,705)	(910)

The deferred tax asset has been recognised in relation to the deficit in the defined benefit pension scheme. It has been recognised in these financial statements as the Directors believe that sufficient profits will arise in the foreseeable future against which it can be realised.

#### Movement in deferred tax during the year

	1 January 2021	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2021
	£000	£000	£000	£000
Property, plant and equipment	(3,095)	(1,933)	-	(5,028)
Employee benefits	2,185	(210)	(1,652)	323
	(910)	(2,143)	(1,652)	(4,705)

#### Movement in deferred tax during the prior year

	1 January 2020	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2020
	£000	£000	£000	£000
Property, plant and equipment	(2,516)	(579)	-	(3,095)
Employee benefits	1,836	(54)	403	2,185
	(680)	(633)	403	(910)

## Notes (continued)

### 15 Inventories

	Group and Company	
	2021	2020
	£000	£000
Raw materials and consumables	5,465	4,390
Work in progress	1,798	2,051
Finished goods	4,491	4,754
	<u>11,754</u>	<u>11,195</u>

Inventories to the value of £42,695,000 were recognised as expenses in the year (2020: £35,586,000). During the year, £306,000 was charged for the write down of stock to its net realisable value as a result of experiencing lower recoverability in the selling price of aged stock (2020: credit of £598,000).

### 16 Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade receivables due from third parties	11,315	12,151	11,315	12,024
Trade receivables due from related parties	1,825	435	1,825	544
Other receivables and prepayments	152	387	151	387
	<u>13,292</u>	<u>12,973</u>	<u>13,291</u>	<u>12,955</u>

At 31 December 2021, trade receivables due from third parties are shown net of the loss allowance for doubtful debts of £461,000 (2020: £162,000) arising from a review of expected recoverability of the receivables.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 60 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 22.

### 17 Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Cash and cash equivalents per balance sheet and statement of cash flows	31,681	7,087	31,642	6,970

## Notes (continued)

### 18 Loans and borrowings

This note provides information about the contractual terms of the Group and Company's interest-bearing loans and borrowings. For more information about the Group and Company's exposure to interest rate and foreign currency risk, see note 22.

	Group and Company	
	2021	2020
	£000	£000
<b>Non-current liabilities</b>		
Lease liability	163	195
Collateralised debt	5,148	9,908
Government borrowings	1,501	2,323
	<u>6,812</u>	<u>12,426</u>
<b>Current liabilities</b>		
Lease liability	98	99
Collateralised debt	1,122	2,527
Government borrowings	900	900
	<u>2,120</u>	<u>3,526</u>

#### Terms and debt repayment schedule

2021	Total £000	1 year or less £000	1-2 years £000	2-5 years £000	Over 5 years £000
Lease liability	261	98	82	81	-
Collateralised debt	6,270	1,122	1,146	3,589	413
Government borrowings	2,401	900	833	668	-
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
2020					
Lease liability	294	99	78	117	-
Collateralised debt	12,435	2,527	2,587	5,686	1,635
Government borrowings	3,223	900	854	1,469	-
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>

## Notes (continued)

### 18 Loans and borrowings (continued)

Bank loans and other borrowings	Government borrowings £000	Collateralised debt £000	Total £000
At 1 January 2020	-	13,519	13,519
Repayment of borrowings	-	(1,084)	(1,084)
New borrowings	3,203	-	3,203
Interest	20	-	20
	<hr/>	<hr/>	<hr/>
At 31 December 2020	3,223	12,435	15,658
	<hr/>	<hr/>	<hr/>
At 1 January 2021	3,223	12,435	15,658
Repayment of borrowings	(900)	(6,165)	(7,065)
Interest	78	-	78
	<hr/>	<hr/>	<hr/>
At 31 December 2021	2,401	6,270	8,671
	<hr/>	<hr/>	<hr/>

Company's bank facilities are secured by a bond and floating charge over the assets of the Group. Collateralised debt relates to collateralised loans on owned assets, interest rates range from 2.15% to 2.62%, In 2020 a 6 month payment holiday and extension was granted on these borrowings. New leases of £106,000 (2020: £235,000) were entered into during the year.

During 2020 a repayable government grant of £3,415,000 was awarded from Scottish Enterprise, this does not attract interest and has variable annual repayments based on production volume. As the loan does not attract interest, imputed interest at 2.5% has been recognised.

During the year the company repaid five of its outstanding collateralised debt obligations for £5,261,000.

For the borrowings detailed above, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

## Notes (continued)

### 19 Trade and other payables

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Trade payables	7,132	6,234	7,132	6,227
Other payables due to related parties	845	1,558	845	1,558
Non-trade payables and accrued expenses	9,804	7,267	9,802	7,267
Non-trade payables due to related parties	-	-	575	575
	<u>17,781</u>	<u>15,059</u>	<u>18,354</u>	<u>15,627</u>

Included within non-trade payables and accrued expenses is £5,004,000 (2020: £3,551,000) which relates to deferred revenue for advances on contracts which have not yet been fulfilled.

### 20 Employee benefits

#### Defined contribution plan

The Group operates a defined contribution pension plan. The total expense relating to this plan in the current year was £836,000 (2020: £818,000). The outstanding contributions at the year end amount to £128,500 (2020: £133,000).

#### Defined benefit plan

The Don & Low Pension Fund, which is a wholly funded defined benefit pension scheme, is established as a separate trust with the result that its assets are held independently from the group's own assets. The fund was contracted-out of the State Earnings Related Pension arrangements. The funding objective is to build up and maintain sufficient assets to ensure that, at any given time, it is sufficient to secure the liabilities in respect of service rendered to date.

The Don & Low Pension Fund was closed to new employees in April 2006 and was closed to future accrual with effect from 1 September 2017.

#### Pension plans

The information disclosed below is in respect of the whole of the plans for which the Group is the sponsoring employer throughout the years shown.

	Group and Company	
	2021 £m	2020 £m
Present value of funded defined benefit obligations	(134.2)	(141.3)
Fair value of plan assets	132.5	129.80
	<u>(1.7)</u>	<u>(11.5)</u>
Net obligations	(1.7)	(11.5)
	<u>(1.7)</u>	<u>(11.5)</u>
Recognised liability for defined benefit obligations	(1.7)	(11.5)

## Notes (continued)

### 20 Employee benefits (continued)

#### Pension plans (continued)

##### *Movements in present value of defined benefit obligation*

	<b>Group and Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>£m</b>	<b>£m</b>
At 1 January	(141.3)	(130.4)
Interest cost	(1.9)	(2.5)
Actuarial gains/(losses)	4.2	(14.2)
Benefits paid	4.8	6.1
Expenses	-	(0.3)
	<hr/>	<hr/>
At 31 December	(134.2)	(141.3)
	<hr/>	<hr/>

##### *Movements in fair value of plan assets*

	<b>Group and Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>£m</b>	<b>£m</b>
At 1 January	129.8	119.6
Actual return on plan assets	4.5	13.1
Interest income	1.8	2.3
Contributions by employer	1.5	0.9
Benefits paid	(4.8)	(6.1)
Expenses	(0.3)	-
	<hr/>	<hr/>
At 31 December	132.5	129.8
	<hr/>	<hr/>

##### *Expense recognised in the statement of comprehensive income*

	<b>Group and Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>£m</b>	<b>£m</b>
Net interest cost	(0.4)	(0.5)
	<hr/>	<hr/>
Total	(0.4)	(0.5)
	<hr/>	<hr/>

The expense is recognised in the following line items in the statement of comprehensive income:

	<b>Group and Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>£m</b>	<b>£m</b>
Finance expense	(0.4)	(0.5)
	<hr/>	<hr/>
	(0.4)	(0.5)
	<hr/>	<hr/>

Cumulative actuarial losses reported in the statement of changes in equity since 1 January 2014, the transition date to Adopted IFRSs, are gains of £1,614,000 (2020: losses of £7,086,000).

## Notes (continued)

### 20 Employee benefits (continued)

#### Pension plans (continued)

The fair value of the plan assets and the return on these assets were as follows:

	<b>Group and Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>Fair value</b>	<b>Fair value</b>
	<b>£m</b>	<b>£m</b>
Equities	-	15.4
Multi-Asset Credit Fund	13.0	-
Diversified Growth Fund	44.4	43.8
Corporate bonds	66.4	67.8
Cash/other	8.7	2.8
	<b>132.5</b>	<b>129.8</b>
<i>Actual return on plan assets</i>		
Actual return on plan assets	4.5	13.1
Interest income	1.8	2.3
	<b>6.3</b>	<b>15.4</b>

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>
Discount rate	1.84	1.42
Future salary increases	3.37	2.91
Inflation	3.37	2.91
Increases to deferred pensions	2.97	2.31
Pension increases	3.20	2.80

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions as follows:

		<b>2021</b>	<b>2020</b>
		<b>£m</b>	<b>£m</b>
Discount rate	Increase of 0.25% p.a	(5.8)	(6.2)
Future salary increases	Increase of 0.25% p.a	0.9	0.8
Inflation	Increase of 0.25% p.a	3.0	2.3

In valuing the liabilities of the pension fund at 31 December 2021, mortality assumptions have been made as indicated below. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 31 December 2021 would have increased by approximately £5,100,000 (2020: 5,200,000) before deferred tax.

The above sensitivities are based on the average duration of the benefit obligation determined by adjusting and updating the final results of the scheme valuation as at 30 June 2019 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

## Notes (continued)

### 20 Employee benefits (continued)

#### Pension plans (continued)

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 62-year old to live for a number of years as follows:

#### 2021

- Current pensioner aged 62: 24 years (male), 26 years (female)
- Future retiree upon reaching 62: 25 years (male), 27 years (female)

#### 2020

- Current pensioner aged 62: 24 years (male), 26 years (female).
- Future retiree upon reaching 62: 25 years (male), 27 years (female).

#### History of plans

The history of the plans for the current and prior years is as follows:

#### Balance sheet

	Group and Company				
	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Present value of defined benefit obligation	(134.2)	(141.3)	(130.4)	(122.0)	(129.0)
Fair value of plan assets	132.5	129.8	119.6	110.2	117.2
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Deficit	(1.7)	(11.5)	(10.8)	(11.8)	(11.8)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

#### Experience adjustments

	Group and Company	
	2021 £m	2020 £m
Actual return on plan assets	4.5	13.1
Gain/(Loss) on change of assumptions on defined benefit obligation	4.2	(14.2)
	<hr/>	<hr/>
Total gains/(losses) recognised in the statement of changes in equity	8.7	(1.1)
	<hr/>	<hr/>

The gain on change of assumptions during the year relates to changes in financial assumptions and experience adjustments.

The Group expects to contribute approximately £1,000,000 to its defined benefit plan in the next financial year.



## Notes (continued)

### 20 Employee benefits (continued)

#### Pension plans (continued)

##### Risk Exposure

Through its defined benefit pension plans and post-employment medical plans, the group is exposed to a number of risks, the most significant of which are detailed below:

##### *Asset Volatility*

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The plan holds a significant proportion of equities, which are expected to outperform corporate bonds in the long term while providing volatility and risk in the short term.

As the plan matures, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities. A formal quarterly de-risking process is in place to achieve this.

##### *Changes in bond yields*

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

##### *Inflation risks*

Some of the Group's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities. The plan's assets contain a significant portion of index linked bonds but also assets that are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

##### *Life expectancy*

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

## Notes (continued)

### 21 Share capital – Group and Company

	2021 £000	2020 £000
<i>Authorised, Allotted, called up and fully paid</i>		
22,946,765 (2020: 22,946,765) Ordinary shares of 25p each	5,737	5,737

The number of shares outstanding at the beginning and end of the financial year is as noted above.

The holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

#### *Dividends*

	2021 £000	2020 £000
Dividends for the year of 30.51p per fully paid share (2020 – 6.54p)	7,000	1,500

The Directors' do not propose a further dividend for the year (2020: nil).

#### *Reserve for own shares*

The purchase and subsequent cancellation of the 20% shareholding held by Basell UK Holdings Limited led to the creation of a capital redemption reserve of £684,000 during 2003.

#### *Translation reserve*

The translation reserve comprises all foreign exchange differences arising since the transition date to Adopted IFRS from the translation of the financial statements of foreign operations.

### 22 Financial instruments

#### **Overview**

The Group has exposure to the following risks for its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Foreign currency risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

## Notes (continued)

### 22

#### Financial instruments (continued)

##### Effective interest rates and repricing analysis – Group

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature or, if earlier, are repriced.

	Effective interest rate	2021				
		Total £000	Less than 1 year £000	1 to 2 Years £000	2 to 5 Years £000	Over 5 Years £000
Cash and cash equivalents		31,681	31,681	-	-	-
Lease liability		(261)	(98)	(82)	(81)	-
Collateralised debt	2.15%	(6,270)	(1,122)	(1,146)	(3,589)	(413)
Government borrowings		(2,401)	(900)	(833)	(668)	-
		22,749	29,561	(2,061)	(4,338)	(413)
	Effective interest rate	2020				
		Total £000	Less than 1 year £000	1 to 2 Years £000	2 to 5 Years £000	Over 5 Years £000
Cash and cash equivalents		7,087	7,087	-	-	-
Lease liability		(294)	(99)	(78)	(117)	-
Collateralised debt	2.15% - 2.62%	(12,435)	(2,527)	(2,587)	(5,686)	(1,635)
Government borrowings		(3,223)	(900)	(854)	(1,469)	-
		(8,865)	3,561	(3,519)	(7,272)	(1,635)

Interest and repayments on collateralised debt and lease liabilities are due monthly.

Government borrowings are interest free and have variable repayment terms.

## Notes (continued)

### 22 Financial instruments (continued)

#### Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

The principal market risk relates to fluctuations in the prices of polymer raw material.

#### Sensitivity analysis

In managing interest rate and currency risks the Group and company aims to reduce the impact of short-term fluctuations on the Group and company's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings.

#### Group and company

At 31 December 2021, it is estimated that a general increase of one percentage point in interest rates would reduce the Group's profit before tax by approximately £171,000 (2020: £105,000).

It is estimated that a general increase of one percentage point in the value of the Euro against other foreign currencies would have reduced the Group's profit before tax by approximately £77,000 for the year ended 31 December 2021 (2020: £81,000).

It is estimated that a general increase of one percentage point in the value of the US Dollars against other foreign currencies would have increased the Group's profit before tax by approximately £20,000 for the year ended 31 December 2021 (2020: £59,000).

It is estimated that a 1% increase in raw material prices would have reduced the Group's profit by approximately £232,000 (2020: £296,000).

#### Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2021		2020	
	Fair value £000	Carrying value £000	Fair value £000	Carrying value £000
<b>Group</b>				
Receivables	13,140	13,140	12,352	12,352
Cash and cash equivalents	31,681	31,681	7,087	7,087
	<hr/>	<hr/>	<hr/>	<hr/>
	44,821	44,821	19,439	19,439
	<hr/>	<hr/>	<hr/>	<hr/>
Trade and other payables	7,977	7,977	8,696	8,696
Lease liability	261	261	294	294
Collateralised debt	6,270	6,270	12,435	12,435
Government borrowings	2,401	2,401	3,223	3,223
	<hr/>	<hr/>	<hr/>	<hr/>
	16,909	16,909	24,648	24,648
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 22 Financial instruments (continued)

	Fair value £000	2021 Carrying value £000	Fair value £000	2020 Carrying value £000
<b>Company</b>				
Receivables	13,140	13,140	12,334	12,334
Cash and cash equivalents	31,642	31,642	6,970	6,970
	<u>44,782</u>	<u>44,782</u>	<u>19,304</u>	<u>19,304</u>
Trade and other payables	8,552	8,552	9,264	9,264
Lease liability	261	261	294	294
Collateralised debt	6,270	6,270	12,435	12,435
Government borrowings	2,401	2,401	3,223	3,223
	<u>17,484</u>	<u>17,484</u>	<u>25,216</u>	<u>25,216</u>

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers. Credit risk is managed by the insurance of debts and a system of internal credit limit setting is followed using trade and bank references and credit rating agencies.

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<b>Group</b>		<b>Company</b>	
	2021 £000	2020 £000	2021 £000	2020 £000
Receivables	13,140	12,352	13,140	12,334
Cash and cash equivalents	31,681	7,087	31,642	6,970
	<u>44,821</u>	<u>19,439</u>	<u>44,782</u>	<u>19,304</u>

Cash and cash equivalents are balances lodged with a bank with an A credit rating

## Notes (continued)

### 22 Financial instruments (continued)

#### Exposure to credit risk (continued)

The concentration of credit risk for receivables at the reporting date by geographic region was:

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
UK	9,723	9,467	9,723	9,467
Europe – other	2,693	1,346	2,693	1,346
USA	282	1,300	282	1,300
Other regions	442	239	442	221
	<u>13,140</u>	<u>12,352</u>	<u>13,140</u>	<u>12,334</u>

The concentration of credit risk relates entirely to customers or related parties for the current and prior years.

The three most significant customers represented £4,823,000 (2020: 6,716,000) of receivables at the year end.

#### Movement in impairment

	2021	2020
	£000	£000
Balance 1 January 2021	(162)	(106)
Provided during year	(299)	(56)
	<u>(461)</u>	<u>(162)</u>
Balance at 31 December 2021	(461)	(162)

The ageing of receivables at the reporting date was:

	Impairment	Gross	Impairment	Gross
Group	2021	2021	2020	2020
	£000	£000	£000	£000
Not past due	(403)	10,479	(136)	9,918
Past due 1-30 days	(49)	2,753	-	2,418
Past due 31-90 days	(9)	355	-	152
Past due 91-180 days	-	14	-	-
More than 180 days	-	-	(26)	26
	<u>(461)</u>	<u>13,601</u>	<u>(162)</u>	<u>12,514</u>

## Notes (continued)

### 22 Financial instruments (continued)

#### Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	2021					2020				
	Carrying Amount £000	Contractual cash flows £000	Less than 1 year £000	1 to 2 years £000	2 to 5 years £000	Over 5 years £000	Carrying Amount £000	Contractual cash flows £000	Less than 1 year £000	1 to 2 Years £000
<b>Non-derivative financial liabilities</b>										
Lease liability	261	299	102	86	111	-	294	302	104	81
Collateralised debt	6,270	6,640	1,245	1,245	3,735	415	12,435	13,191	2,786	2,786
Government borrowings	2,401	2,514	900	900	714	-	3,223	3,414	900	900
	8,932	9,453	2,247	2,231	4,560	415	15,952	16,907	3,790	3,767
<b>Non-derivative financial liabilities</b>										
Lease liability	294	302	104	81	117	-	294	302	104	81
Collateralised debt	12,435	13,191	2,786	2,786	5,959	1,660	12,435	13,191	2,786	2,786
Government borrowings	3,223	3,414	900	900	1,614	-	3,223	3,414	900	900
	15,952	16,907	3,790	3,767	7,690	1,660	15,952	16,907	3,790	3,767

## Notes (continued)

### 22 Financial instruments (continued)

The financial liabilities excluding bank loans were:

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Payables ageing (less than one year)	7,977	8,696	8,552	9,264
	<u>7,977</u>	<u>8,696</u>	<u>8,552</u>	<u>9,264</u>

#### Foreign currency risk

##### Group and company

The Group incurs foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than sterling. The currencies giving rise to this are primarily Euros and US Dollars. No formal hedging policy is used.

The Group's exposure to foreign currency risk was:

	2021 AUD \$000	2021 EUR €000	2021 USD \$000
Receivables	-	2,493	493
Cash and cash equivalents	71	(296)	64
Payables	-	(18)	(2,829)
	<u>71</u>	<u>2,179</u>	<u>(2,272)</u>

	2020 AUD \$000	2020 EUR €000	2020 USD \$000
Receivables	221	875	1,677
Cash and cash equivalents	208	9	221
Payables	(223)	(3,028)	(23)
	<u>206</u>	<u>(2,144)</u>	<u>1,875</u>

The following significant exchange rates applied:

	Average rate		Closing rate	
	2021	2020	2021	2020
EUR	1.1633	1.1289	1.1900	1.1188
USD	1.3759	1.2767	1.3478	1.3673



## Notes (continued)

### 22 Financial instruments (continued)

#### Capital management

The company's objectives when managing capital (defined as net debt plus equity) are to safeguard the Company's ability to continue as a going concern in order to provide return to shareholders, while protecting and strengthening the balance sheet through the appropriate balance of debt and equity funding. The company manages its capital and makes adjustments to it, in light of changes to economic conditions and the strategic objectives of the company.

Consistent with others in the industry, the group monitors capital on the basis of the following gearing ratio:

Net debt  
Divided by  
Total equity as shown on the balance sheet.

During 2021 the strategy was unchanged from 2020

	2021 £000	2020 £000
Net (cash)/debt (Total debt less lease liabilities and cash)	(23,010)	8,571
Total equity	67,485	35,258
	(34)%	24%

To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The company finances its operations by a combination of retained profits, leasing arrangements and bank borrowings.

### 23 Capital commitments

#### Group and company

As at 31 December 2021, the Group had outstanding contracts to purchase plant and equipment of £2,458,000 (2020: £520,000).

### 24 Related parties

#### Identity of related parties

The Group and parent company is controlled by Thrace Plastics Co SA - the ultimate parent company. The Group and parent company also trades with fellow subsidiaries of Thrace Plastics Co SA.

The Don & Low Pension Fund and the Directors are also related parties.

The related party transactions during the year and the balances as at the year end with these related parties are as follows:

## Notes (continued)

### 24 Related parties (continued)

Company	2021										Don & Low Nonwovens Limited (subsidiary)
	Thrace Plastics Co SA (ultimate parent) £000	Synthetic Packaging Limited (fellow subsidiary) £000	Thrace Nonwovens & Geosynthetics (fellow subsidiary) £000	Synthetic (Holdings) Limited (fellow subsidiary) £000	Thrace Linq Inc (fellow subsidiary) £000	Don & Low Australia Pty (subsidiary) £000	Thrace Polyfilm (fellow subsidiary) £000	Thrace Protect (fellow subsidiary) £000	Lumite (fellow subsidiary) £000	Don & Low (Holdings) Limited (subsidiary) £000	
Revenue transactions											
Sales to	-	1,588	245	-	-	-	377	-	161	-	
Purchases from	(61)	-	(1,804)	-	-	-	(909)	-	-	-	
Management charges from	(1,283)	-	-	-	-	-	-	(23)	-	-	
Management charges to	-	92	189	86	-	-	-	-	-	-	
Dividends received	-	-	-	-	-	55	-	-	-	-	
Dividends paid	(7,000)	-	-	-	-	-	-	-	-	-	
Balances at the year end											
Sales ledger	-	254	130	-	-	-	170	-	-	-	
Borrowings	1,271	-	-	-	-	-	-	-	-	-	
Purchase ledger	(66)	(37)	(47)	-	-	-	(198)	(5)	-	(50)	
Group Relief Payable	-	-	-	(492)	-	-	-	-	-	-	
Company	2020										Don & Low Nonwovens Limited (subsidiary)
	Thrace Plastics Co SA (ultimate parent) £000	Synthetic Packaging Limited (fellow subsidiary) £000	Thrace Nonwovens & Geosynthetics (fellow subsidiary) £000	Synthetic (Holdings) Limited (fellow subsidiary) £000	Thrace Linq Inc (fellow subsidiary) £000	Don & Low Australia Pty (subsidiary) £000	Thrace Polyfilm (fellow subsidiary) £000	Thrace Protect (fellow subsidiary) £000	Lumite (fellow subsidiary) £000	Don & Low (Holdings) Limited (subsidiary) £000	
Revenue transactions											
Sales to	-	1,401	1,005	-	32	1,506	-	-	130	-	
Purchases from	-	(14)	(4,015)	(6,292)	-	-	(653)	(15)	-	-	
Management charges from	(905)	-	-	-	-	-	-	-	-	-	
Management charges to	-	3	181	83	-	-	-	-	-	-	
Dividends paid	(1,500)	-	-	-	-	-	-	-	-	-	
Balances at the year end											
Sales ledger	-	231	204	-	-	109	-	-	-	-	
Purchase ledger	-	-	(200)	(535)	-	-	(329)	(2)	-	(50)	
Group Relief Payable	-	-	-	(492)	-	-	-	-	-	-	

## Notes (continued)

### 24 Related parties (continued)

Group	2021						2020					
	Thrace Plastics Co SA (ultimate parent) £000	Synthetic Packaging Limited (fellow subsidiary) £000	Thrace Nonwovens & Geosynthetics (fellow subsidiary) £000	Synthetic (Holdings) Limited (fellow subsidiary) £000	Thrace Linq Inc (fellow subsidiary) £000	Thrace Polyfilm (fellow subsidiary) £000	Thrace Protect (fellow subsidiary) £000	Lumite (fellow subsidiary) £000				
<b>Revenue transactions</b>												
Sales to	-	1,588	245	-	-	377	-	161				
Purchases from	61	-	1,804	-	-	909	-	-				
Management charges from	(1,283)	-	-	-	-	-	(23)	-				
Management charges to	-	92	189	86	-	-	-	-				
Dividends paid	(7,000)	-	-	-	-	-	-	-				
<b>Balances at the year end</b>												
Sales ledger	-	254	130	-	-	170	-	-				
Borrowings	1,271	-	-	-	-	-	-	-				
Purchase ledger	(66)	(37)	(47)	-	-	(198)	(5)	-				
Group Relief Payable	-	-	-	(492)	-	-	-	-				
Group	2021						2020					
	Thrace Plastics Co SA (ultimate parent) £000	Synthetic Packaging Limited (fellow subsidiary) £000	Thrace Nonwovens & Geosynthetics (fellow subsidiary) £000	Synthetic (Holdings) Limited (fellow subsidiary) £000	Thrace Linq Inc (fellow subsidiary) £000	Thrace Polyfilm (fellow subsidiary) £000	Thrace Protect (fellow subsidiary) £000	Lumite (fellow subsidiary) £000				
<b>Revenue transactions</b>												
Sales to	-	1,404	1,186	-	32	-	-	130				
Purchases from	-	(14)	(4,015)	(6,292)	-	(653)	(15)	-				
Management charges from	(905)	-	-	-	-	-	-	-				
Management charges to	-	-	-	83	-	-	-	-				
Dividends paid	(1,500)	-	-	-	-	-	-	-				
<b>Balances at the year end</b>												
Sales ledger	-	231	204	-	-	-	-	-				
Purchase ledger	-	-	(200)	(535)	-	(329)	(2)	-				
Group Relief Payable	-	-	-	(492)	-	-	-	-				

## **Notes** *(continued)*

### **24 Related parties** *(continued)*

#### *Transactions with parent company and fellow subsidiaries*

Amounts due on transactions with Thrace Plastics Co SA and fellow subsidiaries are unsecured.

An asset with a book value of £nil (2020: £6,292,000) was acquired during the year from Synthetic (Holdings) Limited.

The Company provided a loan of £nil (2020: £7,000,000) to its fellow subsidiary Synthetic (Holdings) Limited which was netted off subsequently against the purchase of machinery in the prior year.

During the year the Company provided a loan of £1,271,000 to its parent company Thrace Plastics Co SA. This attracts interest at 2.5% per annum and is due for repayment by 30 June 2022.

A dividend of £7,000,000 (2020: £1,500,000) was paid in the year (note 21). The Directors' do not propose a further dividend for the year (2020: nil).

#### *Transactions with key management personnel*

Directors of the Company and their immediate relatives hold no shares in the Company. In addition to their salaries, the Group provides non-cash benefits to directors, and contributes to a post-employment defined contribution plan on their behalf.

Details of directors' remuneration are disclosed in note 7.

#### *Transactions with post employee benefit plans*

Transactions with the Don & Low Pension Fund involve the payment of employers contributions as disclosed in note 20.

#### *Reclassification from prior years*

The related party disclosures have been reclassified to enhance information.

### **25 Ultimate parent company and parent company of larger group**

The Company is a wholly owned subsidiary undertaking of Thrace Plastics Co SA, which is the ultimate parent company incorporated in Greece.

The largest group in which the results of the Company are consolidated is that headed by Thrace Plastics Co SA, incorporated in Greece. No other group financial statements include the results of Don & Low Limited. The consolidated financial statements of this group are available to the public and may be obtained from The Ministry of Development, Secretariat of Commerce, Kanigos Square, GR 10181, Athens, Greece.