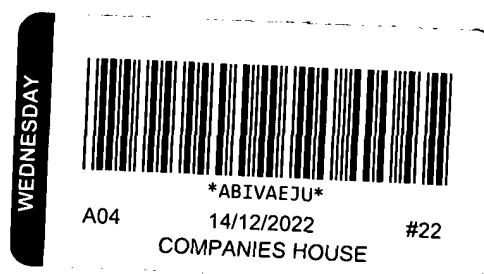


**Flamco Limited**  
**Annual report and audited financial statements**  
**for the year ended 31 December 2021**

Registered number: 00980683



# **Flamco Limited**

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# **Flamco Limited**

## **Company Information**

### **DIRECTORS**

Koert Arthur Munnik  
Sean Blandford

### **REGISTERED OFFICE**

Main Building  
Washway Lane  
St Helens  
Merseyside  
WA10 6PB

### **REGISTERED NUMBER**

00980683

### **BANKERS**

BNP Paribas London Branch  
10 Harewood Avenue  
London  
NW1 6AA

### **AUDITORS**

BDO LLP, 3 Hardman Street, Manchester, M3 3AT

# **Flamco Limited**

## **Strategic report for the year ended 31 December 2021**

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

### **REVIEW OF BUSINESS**

The Company continues to conduct its business in the manufacturing, marketing and distribution of plumbing, heating and air-conditioning products.

The Company's product range focuses on energy and environmental efficiency whilst offering cost-effective solutions for its industry partners.

The Company's customer base is predominantly in the wholesale distribution and own-equipment manufacturer sectors of the Heating, Ventilation and Air-Conditioning (HVAC) market.

Turnover in the year was £17,694,366 (unaudited 2020: £16,998,313) an increase of 4% compared to the previous year. This was primarily due to an increase in project-related sales.

The Company finances its operations through a mixture of retained profits, cash deposits and trading balances with group undertakings. The Company's financial instruments comprise cash and liquid resources, balances with group undertakings and such items as trade debtors and trade creditors that arise directly from its operations.

On April 15<sup>th</sup> Flamco Ltd acquired 100% of the shares of Sentinel Performance Solutions Group Ltd for an amount of £44,591,497.

### **KEY PERFORMANCE INDICATORS**

As part of its ongoing review of business performance, management relies on several indicators to assess performance against stated objectives. Analysis of sales by customer and by product indicates growth rates against targets, whilst product margin reflects the conversion of sales into profitability.

Gross profit margins increased to 43.4% (unaudited 2020: 37.2%) as a result of the product mix sold in the year. The increase in sales in the year was mainly on a higher margin product group which has impacted favourably on the gross profit margin.

Operating profit in the year has increased significantly in comparison to the prior year to £2,934,009 (unaudited 2020: £2,429,983) due mainly to the increase in turnover and gross profit in the year.

Stock value has decreased to £2,154,799 (unaudited 2020: £2,189,794) as a result of decreased project related stock held compared to prior year.

The debtor position has increased in value on the prior year to £3,844,103 (unaudited 2020: £2,913,108) due to increased turnover and customer mix.

The creditor position has increased to £22,378,978 compared to the prior year (unaudited 2020: £3,866,316) due mainly because a new intercompany loan entered into in 2021 following a new acquisition in the year.

The movements mentioned above led to a much less favourable cash position at the end of the year at an amount of £736,632 compared to the prior year (unaudited 2020: £5,576,789).

## **Flamco Limited**

### **Strategic report for the year ended 31 December 2021 (continued)**

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The main risks associated with the Company's financial assets and liabilities are set out below, as are the policies agreed by the board for their management.

##### **Financial risk management**

The Company buys and sells some of its goods and services denominated in currencies other than sterling. As a result, the value of the Company's non-sterling revenues, purchases, financial assets and liabilities and cash flows can potentially be affected by movements in exchange rates in general, and in the GBP- EUR rate in particular.

Aside from further pressures on foreign currency risk, the impact of Brexit is still yet unknown to the Company. Nevertheless, management continues to track this issue so that the appropriate actions will be taken where necessary.

##### **Price risk**

The Company's top 3 customers account for approximately 50% (unaudited 2020: 50%) of the total turnover, and consequently, this has the potential of a price risk whereby a tender proposal could significantly impact on turnover and margins. To reduce the impact of the risk, as mentioned earlier, the Company focuses on the development of technical and qualitative advancements to the industry at large.

##### **Product risk**

Flamco Limited sells technical products, and as such, the future success of the Company relies on the reputation of the product range in terms of reliability and quality. The Company, therefore, places great importance on the competence of its technical and production staff and operates a program of continuous learning through in-house and apprentice training.

##### **Liquidity risk**

Liquidity is a common area of risk within the industry. The directors, however, consider that Flamco Limited has sufficient funds for the foreseeable future and have no external loans or borrowings in place.

##### **Credit risk**

The Company's objective is to reduce the risk of financial loss due to counterparty's failure to honour its obligations, especially given the small number of large customers. Company credit checks and third-party due diligence procedures are thoroughly checked before orders are accepted or shipped.

##### **Economic environment**

The Company is reliant on a relatively small number of large customers dominating the industry sector in which it operates. The top three customers account for approximately 50% (unaudited 2020: 50%) of the Company's total turnover, and the failure of any one of these would have a potentially devastating impact on the Company's future performance. To mitigate this general economic risk, the Company continues to develop its reputation as a supplier of quality technical products to the industry sector rather than being a dedicated supplier to specific customers.

The directors' objectives continue to be the growth of the Company's business through increased sales activity with existing customers, the development of new customers and the introduction of new and improved products.

##### **Brexit Impact**

The main impact is the increased costs of raw materials and transport costs as well as increased lead times of bringing goods into the UK, ultimately stretching the supply chain. It has impacted negatively on project sales into Europe with many European based contractors refusing to trade on DAP terms.

##### **COVID-19 Impact**

The main risk associated with the impact of Covid-19 is the effect on the supply chain, forecasted performance relative to turnover with many businesses closing in the short term and the availability of staff. The Company is using the ability of its employees that can work from home to its advantage to continue to liaise with customers and suppliers effectively. The Company continues to monitor the situation closely.

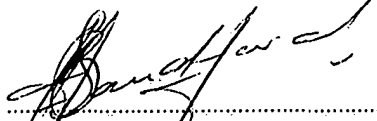
**Flamco Limited**

**Strategic report for the year ended 31 December 2021 (continued)**

**FUTURE DEVELOPMENTS AND EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE**

The directors expect the current level of activity to continue. Furthermore, there have been no events after the statement of financial position date to report.

**APPROVED BY AND SIGNED ON BEHALF OF THE BOARD:**



Sean Blandford Director

Date: 12/12/2022

## **Flamco Limited**

### **Directors' report for the year ended 31 December 2021**

The directors present their annual report on the affairs of the Company, together with the audited financial statements and auditor's report for the year ended 31 December 2021.

In preparing this Directors' Report, the directors have complied with S414C (11) of the Companies Act 2006 by including certain disclosures required by S416 (4) within the strategic report on page 2. These include disclosures with respect to financial risk management, future developments and events after the balance sheet date.

#### **PRINCIPAL ACTIVITY**

The principal activity of the Company in the year under review was that of manufacturing, marketing and distribution of plumbing, heating and air-conditioning products. The directors are not aware at the date of this report, of any major likely changes in the Company's activities in the next year.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £2,153,017 (unaudited 2020: £1,999,733). The directors have declared and paid a dividend of £0 (unaudited 2020: £0) per share in the year, totalling £0 (unaudited 2020: £0). No further dividends have been recommended or paid post year end.

#### **GOING CONCERN**

As disclosed in the financial statements, the ultimate parent company of Flamco Limited is Aalberts N.V., is registered in the Netherlands. Both the immediate and ultimate parent companies continue to support Flamco Limited. On the basis of their assessment of the Company's financial position the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. A letter has been provided by Aalberts Finance BV in respect of the loan which is repayable on 28 April 2026 and have confirmed that repayment will not be demanded in the next 12 months from the signing of these accounts. Thus, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further details can be found in the accounting policies in note 1 of the financial statements.

#### **DIRECTORS**

The directors, who served throughout the year and thereafter were as follows:

Ingmar Van Veen (Resigned 17 Dec 2021)

Koert Arthur Munnik

Sean Blandford

#### **AUDITORS**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors were aware of that information. The directors are not aware of any relevant information of which the auditors were unaware.

The auditors, BDO LLP, were appointed during the year ended 31 December 2021.

## Flamco Limited

### Directors' report for the year ended 31 December 2021 (continued)

#### DIRECTORS' RESPONSIBILITIES STATEMENT

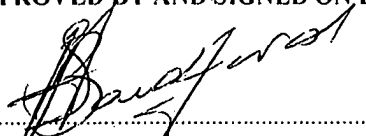
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

#### APPROVED BY AND SIGNED ON BEHALF OF THE BOARD:

  
.....  
Sean Blandford - Director

Date: 12/12/2022

# Flamco Limited

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLAMCO LIMITED

### Opinion on the financial statements

In our opinion the financial statements:

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

We have audited the financial statements of Flamco Limited ("the Company") for the year ended 31 December 2021 which comprise of the Income statement, Statement of financial position, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

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

### Independence

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

### Conclusions relating to going concern

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.

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 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.

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

### Other matter

The corresponding figures are unaudited.

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Strategic report, Directors' report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLAMCO LIMITED (CONTINUED)

### Other Companies Act 2006 reporting

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

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

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

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

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

### Responsibilities of Directors

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

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

### Auditor's responsibilities for the audit of the financial statements

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

### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the impairment of amounts owed to group companies and non-current assets;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of minutes of Board meetings throughout the period;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Tested whether manual journals had been posted to the revenue account; and
- Performed revenue cut off tests to ensure that revenue has been recognised in the correct accounting period.

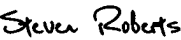
## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FLAMCO LIMITED (CONTINUED)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

### Use of our report

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

DocuSigned by:  
  
49BD0A55E7C14AD...

Steven Roberts (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Manchester, UK

12 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Flamco Limited

### Income Statement For the Year Ended 31 December 2021

	Notes	2021 £	Unaudited 2020 £
<b>TURNOVER</b>	2	17,694,366	16,998,313
Cost of sales		<u>(10,014,622)</u>	<u>(10,667,585)</u>
<b>GROSS PROFIT</b>		7,679,744	6,330,729
Administration expenses		<u>(4,745,734)</u>	<u>(3,900,746)</u>
<b>OPERATING PROFIT</b>	5	2,934,009	2,429,983
Finance costs (net)	6	<u>(179,777)</u>	<u>29,933</u>
<b>PROFIT BEFORE TAXATION</b>		2,754,232	2,459,916
Tax on profit on ordinary activities	7	<u>(601,215)</u>	<u>(460,183)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>2,153,017</u></u>	<u><u>1,999,733</u></u>


All activity in both years is derived wholly from continuing operations.

The Company has no items of comprehensive income or expenses other than the profit for the financial year and the preceding year as shown above. Accordingly, no separate statement of comprehensive income has been presented.

**Flamco Limited (Registered number: 00980683)**  
**Statement of Financial Position**  
**As at 31 December 2021**

	Notes	2021 £	£	Unaudited 2020 £	£
<b>FIXED ASSETS</b>					
Tangible assets	8		407,742		384,872
Investments	9		<u>44,591,497</u>		<u>-</u>
			44,999,239		384,872
<b>CURRENT ASSETS</b>					
Stocks	10	2,154,799		2,189,794	
Debtors	11	3,844,103		2,913,108	
Cash at bank and in hand		<u>736,632</u>		<u>5,576,789</u>	
		6,735,534		10,679,691	
<b>CREDITORS</b>					
Amounts falling due within one Year	12	<u>(2,378,978)</u>		<u>(3,866,316)</u>	
<b>NET CURRENT ASSETS</b>			<u>4,356,556</u>		<u>6,813,375</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			49,355,795		7,198,247
<b>PROVISIONS FOR LIABILITIES</b>	15		(19,869)		(15,338)
<b>NON-CURRENT LIABILITIES</b>	13		<u>(20,000,000)</u>		<u>-</u>
<b>NET ASSETS</b>			<u><u>29,335,926</u></u>		<u><u>7,182,909</u></u>
<b>CAPITAL &amp; RESERVES</b>					
Called up share capital	16		8,181		8,181
Retained Earnings			<u>29,327,745</u>		<u>7,174,728</u>
<b>SHAREHOLDER'S FUNDS</b>			<u><u>29,335,926</u></u>		<u><u>7,182,909</u></u>

The financial statements of Flamco Limited (registration number 00980683) were approved by the Board of Directors and authorised for issue on 12 Dec 2022. They were signed on its behalf by:

  
 .....  
 Sean Blandford - Director

## Flamco Limited

### Statement of Changes in Equity for the year Ended 31 December 2021

	Notes	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2020 unaudited</b>		8,181	5,174,995	5,183,176
<b>Changes in equity</b>				
Total comprehensive income		-	1,999,733	1,999,733
Dividends paid on equity shares		-	-	-
<b>Balance at 31 December 2020 unaudited</b>		<u>8,181</u>	<u>7,174,728</u>	<u>7,182,909</u>
<b>Changes in equity</b>				
Total comprehensive income		-	2,153,017	2,153,017
Equity Contribution Group		-	20,000,000	20,000,000
Dividends paid on equity shares		-	-	-
<b>Balance at 31 December 2021</b>		<u><u>8,181</u></u>	<u><u>29,327,745</u></u>	<u><u>29,335,926</u></u>

# Flamco Limited

## Notes to the financial statements for the year ended 31 December 2021

### 1. ACCOUNTING POLICIES

#### General information and basis of accounting

Flamco Limited is a private company limited by shares incorporated and registered in the United Kingdom (England and Wales) under the Companies Act 2006. The address of the registered address is given on page 1. The nature of the Company's operations and its principle activities are set out in the directors' report on page 4.

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

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its ultimate parent, Aalberts N.V which may be obtained from its registered address at PO Box 1218, NL-3500 BE, Utrecht, The Netherlands. Exemptions have been taken in these separate Company financial statements in relation to financial instruments and key management personnel compensation, presentation of a cash flow statement and related party transactions.

The functional currency of Flamco Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which it operates.

The following principal accounting policies have all been applied consistently throughout the current year and prior period.

#### Turnover

Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duties. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of the goods.

#### Going concern

The Company's business activities, together with the factors likely to affect its future development and position are set out in the Strategic Report on page 2 and 3.

As disclosed in Note 17 to the financial statements, the ultimate parent company of Flamco Limited is Aalberts N.V., registered in the Netherlands. On the basis of their assessment of the Company's financial position the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. A letter has been provided by Aalberts Finance BV in respect of the loan which is repayable on 28 April 2026 and have confirmed that repayment will not be demanded in the next 12 months from the signing of these accounts. Thus, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Tangible fixed assets

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

Leasehold improvement	- 12.5% per annum, straight line
Plant and machinery	- 20% to 30% per annum, straight line

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

# Flamco Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### I. ACCOUNTING POLICIES (continued)

#### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Stocks are valued using the Standard Costing Method.

#### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are included within profit or loss for the year.

#### Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the income statement over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

#### Pension costs

The Company operates 'Personal Pension Plans' whereby the Company agrees to pay, for eligible employees, a contribution into the employee's own personal pension scheme. The pension charge represents contributions payable by the Company for the period. The Company's liability is limited to the amount of the contribution as the liability for meeting future pension payments rests solely with the employee's pension scheme.

#### Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The deferred tax has not been discounted.

# Flamco Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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

#### Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

# Flamco Limited

## Notes to the financial statements for the year ended 31 December 2021 (continued)

### 1. ACCOUNTING POLICIES (continued)

#### Financial assets and liabilities (continued)

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment. Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

#### Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### Critical accounting judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis, however the directors do not consider that any of the judgements and estimates has a significant effect on the financial statements.

## Flamco Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the Company and are generated in the United Kingdom.

#### 3. STAFF NUMBERS AND COSTS

The average monthly number of employees (including executive directors) was:

	2021 Number	Unaudited 2020 Number
Sales and distribution staff	24	21
Administrative staff	24	25
	<u>48</u>	<u>46</u>

Their aggregate remuneration comprised:

	2021 £	Unaudited 2020 £
Wages and salaries	2,108,116	1,790,962
Social security costs	222,464	194,551
Pension costs	75,258	59,295
	<u>2,405,838</u>	<u>2,044,808</u>

## Flamco Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 4. DIRECTORS' REMUNERATION

	2021 £	Unaudited 2020 £
Emoluments	138,090	110,529
Company contributions to money purchase pension schemes	7,700	6,016
	<u>145,790</u>	<u>116,545</u>

One director (unaudited 2020: one) accrued benefits under money purchase pension schemes.

	2021 £	Unaudited 2020 £
<b>Remuneration of the highest paid director:</b>		
Emoluments	138,090	110,529
Company contributions to defined benefit pension schemes	7,700	6,016
	<u>145,790</u>	<u>116,545</u>

#### 5. OPERATING PROFIT

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

	2021 £	Unaudited 2020 £
Depreciation - owned assets	62,090	53,079
Foreign exchange (gain) / loss	(23,353)	(3,220)
Cost of raw material	9,992,447	10,607,359
Auditors' remuneration:		
- for the audit of the company's annual financial statements	15,000	-
- for the audit of the Company's parent annual financial statements	2,500	-
Operating lease costs:		
- Plant and equipment	126,334	115,177
- Other	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

#### 6. FINANCE COSTS (NET)

	2021 £	Unaudited 2020 £
Loans interest payable/ (receivable) from fellow group undertakings	179,777	(29,933)
	<u>179,777</u>	<u>(29,933)</u>

## Flamco Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 7. TAXATION

##### Analysis of the tax charge

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

	2021 £	Unaudited 2020 £
UK corporation tax	604,495	477,200
Prior year adjustment	(7,811)	(19,176)
Total current tax	<u>596,684</u>	<u>458,024</u>
Deferred tax:		
Origination and reversal of timing differences	(1,974)	(3,771)
Adjustment in respect of previous periods	-	3,919
Effects of changes in tax rates	<u>6,505</u>	<u>2,011</u>
Total deferred tax	<u>4,531</u>	<u>2,159</u>
Tax on profit	<u>601,215</u>	<u>460,183</u>

##### Reconciliation of total tax charge included in income statement

The tax assessed for the year is higher (unaudited 2020: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £	Unaudited 2020 £
Profit before tax	<u>2,754,233</u>	<u>2,459,916</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	523,304	467,384
Effects of:		
Expenses not deductible for tax purposes	79,216	6,046
Adjustments to tax charge in respect of previous periods	(7,811)	(15,257)
Effect of changes in tax rates	6,506	2,011
Roundings	-	(1)
Total tax charge	<u>601,215</u>	<u>460,183</u>

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 19% (2020: 19%). At spring budget 2021 the government announced an increase in the corporation tax main rate from 19% to 25% for companies with profits over £250,000 together with the introduction of a small profits rate of 19% with effect from 1 April 2023. The small profits rate will apply to companies with profits of not more than £50,000, with marginal relief available for profits up to £250,000.

## Flamco Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 8. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Plant & machinery £	Total £
<b>COST</b>			
At 1 January 2021 unaudited	571,697	223,251	794,948
Additions	<u>13,404</u>	<u>71,556</u>	<u>84,960</u>
At 31 December 2021	<u>585,101</u>	<u>294,807</u>	<u>879,908</u>
<b>DEPRECIATION</b>			
At 1 January 2021 unaudited	247,841	162,235	410,076
Charge for Year	<u>45,132</u>	<u>16,958</u>	<u>62,090</u>
At 31 December 2021	<u>292,973</u>	<u>179,193</u>	<u>472,166</u>
<b>NET BOOK VALUE</b>			
At 31 December 2021	<u>292,128</u>	<u>115,614</u>	<u>407,742</u>
At 31 December 2020 unaudited	<u>323,856</u>	<u>61,016</u>	<u>384,872</u>

#### 9. FIXED ASSET INVESTMENTS

	2021 £	Unaudite d 2020 £
At cost 15 <sup>th</sup> April 2021 and 31 <sup>st</sup> December 2021	<u>44,591,497</u>	<u>-</u>

The company owns 100% of the ordinary share capital of Sentinel Performance Solutions Group Limited, a company registered in England and Wales and whose principal activity is to act as a holding company. The registered address of Sentinel Performance Solutions Group Limited is 7650 Daresbury Park, Daresbury, Warrington, WA4 4BS

#### 10. STOCKS

	2021 £	Unaudite d 2020 £
Stocks	<u>2,154,799</u>	<u>2,189,794</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

## Flamco Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	Unaudited 2020 £
Trade debtors	3,741,509	2,794,286
Amounts owed by parent undertakings	15,589	46,828
Prepayments	87,005	71,994
	<u>3,844,103</u>	<u>2,913,108</u>

#### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	Unaudited 2020 £
Trade creditors	1,235,470	1,256,515
Amounts owed to parent undertakings	252,420	732,550
Tax	81,973	343,350
Other tax and social securities	549,509	1,309,564
Accrued expenses	259,606	224,337
	<u>2,378,978</u>	<u>3,866,316</u>

The amount owed to group undertakings either relate to amounts which arisen through normal trading £252,420 (Unaudited 2020: £289,653) and are payable when due under standard payments terms or intercompany loans £0 (Unaudited 2020: £442,897).

#### 13. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2021 £	Unaudited 2020 £
Amounts owed to parent undertakings	20,000,000	-
	<u>20,000,000</u>	<u>-</u>

The amount owed to group undertakings relate to amounts which arisen through intercompany loans £20,000,000 (Unaudited 2020: £0). The loan is due to be repaid on 28 April 2026 as per the terms and Aalberts Finance BV have provided a letter to the company confirming they will not demand repayment within the next 12 months.

#### 14. FINANCIAL COMMITMENTS

Total future minimum lease payments under non - cancellable operating leases are as follows:

	2021 Land & Buildings £	2021 Other items £	Unaudited 2020 Land & Buildings £	Unaudited 2020 Other items £
Within 1 year	-	49,146	-	3,045
Between two years and five years	-	117,576	-	198,359
	<u>-</u>	<u>166,722</u>	<u>-</u>	<u>201,404</u>

## Flamco Limited

### Notes to the financial statements for the year ended 31 December 2021 (continued)

#### 15. PROVISIONS FOR LIABILITIES

	2021 £	Unaudited 2020 £
Deferred tax is provided as follows:		
Capital allowances in excess of depreciation	15,338	13,178
Other short term timing differences	4,531	2,160
	<u>19,869</u>	<u>15,338</u>
		Deferred Tax £
Balance at 1 January 2021 unaudited		15,338
Provided during Year		4,531
Balance at 31 December 2021		<u>19,869</u>

#### 16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number	Class:	Nominal Value	2021 £	Unaudited 2020 £
8,181	Ordinary shares	£1	<u>8,181</u>	<u>8,181</u>

#### 17. ULTIMATE AND IMMEDIATE PARENT COMPANY

The Company's ultimate controlling party is Aalberts N.V. The largest group in which the results of the Company are consolidated is that headed by Aalberts N.V., incorporated in the Netherlands. Copies of its group financial statements, which include the Company, are available from Postbus 1218, 3500BE Utrecht, Netherlands, which is also its registered address.

The Company's immediate parent company is Flamco Flexcon Limited, a company incorporated in the United Kingdom, and the head of the smallest group of undertaking for which group financial statements are drawn up and which the Company is a member is Flamco Holding BV, registered in the Netherlands. Copies of its group financial statements, which include the Company, are available from Fort Blauwkapel 1, NL-1358 DB Almere, the Netherlands.