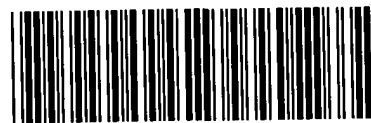


Aalberts Integrated Piping Systems Limited
(formerly Pegler Yorkshire Group Limited)

Annual report and financial statements
for the year ended 31 December 2021

Registered number: 00401507

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Aalberts Integrated Piping Systems Limited

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Aalberts Integrated Piping Systems Limited

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activities

The principal activities of the Company are the design, development, manufacture and sale of advanced plumbing, heating, and engineering products. The Company sells under several market leading brands throughout the world, but predominantly in the UK, mainland Europe, and the Middle East. The strategy of the Company is to deliver outstanding customer service fully supported by the continuous development of leading technological products that provide fully integrated piping systems to the plumbing industry.

Review of the business

Aalberts Integrated Piping Systems Limited delivered a strong performance in 2021 despite the Global Pandemic with a profit after tax of £4.6m (2020: £1.4m). The Company is focussed on delivering operational excellence across its UK manufacturing plant, whilst seeking every opportunity to expand its current UK manufactured valves portfolio. Key to the Company's growth strategy is to invest in and deliver new innovative valve products, which will service Global markets, supported by exceptional customer service and an employee culture of 'Winning with People'.

Turnover increased by £28.9m to £137.6m (2020: £108.7m) following the improvement in sales in the UK market following the impact of the global Covid pandemic. Middle East markets remain a key part of the Company's turnover and despite challenging market conditions in 2021, the turnover has remained strong in 2021. Earnings before interest, tax, and amortisation (EBITA) increased to £6.3m (2020: £1.9m) as a result of an increase in Turnover.

The result for the year includes nil (2020: £2.3m) rationalisation cost in relation to redundancy costs within the UK facility as a result of re-organisation of key areas within the business. The results for the year also include £0.5m (2020:nil) write off in relation to stores stock and fixed assets £0.7m (2020:nil) for items no longer in use.

Net assets as at 31 December 2021 were £84.1m (2020: £66.8m) which are driven by the profit in the year and the re-measurement of the defined pension scheme, partially offset by dividends paid of £0.7m.

On 1 July 2021, the company changed its name from Pegler Yorkshire Group Limited to Aalberts Integrated Piping Systems Limited.

Furthermore, on 1 July 2021, the employees of Pegler Limited and Yorkshire Fittings Distribution Limited were transferred to Aalberts Integrated Piping Systems Limited as part of a project to simplify the group structure.

Key Performance Indicators (KPIs)

KPI	2021	2020	Analysis of performance
Sales growth (%)	26.6	(15.0)	Turnover increased in the UK market due to recovery from the impact of the global Covid pandemic. Sales to the Middle East Market remained strong throughout 2021.
Gross margin (%)	16.1	13.8	Gross margin increased due to an increase in sales volumes in the UK market.
Operating Profit (%)	3.96	0.93	Improved operating profit arising from an increase in sales volumes and improved cost control. Also included within 2020 are rationalisation costs of £2.3m.
Debtor days	71	91	The reduction in debtor days is due to a higher proportion of European sales (sales to group companies) in relation to total sales on shorter payment terms.
Stock days	129	123	Stock days have increased in 2021 mainly due to an increase in commodity price. 2020 has been restated.

Aalberts Integrated Piping Systems Limited

Strategic report

Key Performance Indicators (KPIs) (continued)

The KPI's are defined as:

Sales growth (%)	Year on year sales change from continuing operations, expressed as a percentage.
Gross margin (%)	The ratio of gross margin to sales expressed as a percentage.
Operating profit (%)	Operating profit expressed as a percentage of sales.
Debtor days	The level of trade debtors and its ratio to sales expressed in days.
Stock days	The level of stock and its ratio to cost of sales expressed in days.

Sustainability Strategy

The Company will achieve its objectives as sustainably as possible, using its entrepreneurial workforce to innovate and create technology to support our planet. Today we are not only focussed on our own waste and inefficiencies, but we are partnering with our customers and suppliers to develop initiatives to contribute to a greener society. The Company is leveraging the Aalberts Group to share experiences across a team of 15,000 employees, providing a real momentum in driving change to our established practices. As a result of our focus on sustainability the Company will be more attractive to highly skilled employees and will get the opportunity to work on more increasingly demanding solutions for our customers.

The world constantly changes and the responsibility of our generation to utilise its knowledge and expertise to create technologies that enable the planet to get back into good shape, is an extremely important part of our business model. The model utilised by our Company is fully supported by third party standards and accreditations that ensure our processes are controlled, managed, and independently audited.

Section 172 Reporting

The Directors of the Company and those of all UK companies must act in accordance with a set of general duties. These duties are detailed in s172 of the UK Companies Act 2006 which are summarised below:

A Director of a Company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the shareholders as a whole and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customer, and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

Long Term decision making

The vision for the Company is 'To be the Worlds Market Leader for Integrated Piping Systems' which underpins our strategic decisions both short and long term. The Directors recognise that employees are a major factor in achieving our vision and therefore we use our resources to invest in training, talent management, apprentices, succession planning and employee retention schemes. To complement our workforce investment, the Directors have approved new capital equipment expenditure, which will provide efficiency, new product opportunities and additional capacity to grow the business in the coming years.

A further area where the Company is taking time to invest for the future is within research and development programmes, which will provide the Company with product innovations to enable growth and sustainability.

Aalberts Integrated Piping Systems Limited

Strategic report

Our people

The Company recognises the value of its employees and that its long-term success relies heavily on attracting and retaining a highly skilled workforce. The Company is committed to promoting policies which ensure that employees and those who seek to work for the Company are covered under an equality policy. The Company gives full and fair consideration to applications for employment by people who are disabled, to continue wherever possible the development of staff who become disabled and to provide equal opportunities for the career development of disabled employees.

As a UK manufacturing business, the Company understands the pressures and challenges of the skills gap in engineering and therefore invests in training and apprentices to deliver a sustainable skill base for the future. The Company sets a high cultural standard in its approach to health and safety for its employees and for all visitors to our sites to ensure that we provide a safe place to work.

Business Relationships

The Directors promote a culture to form strategic partnerships with its customers and suppliers around the Globe. These partnerships are fundamental to the long-term success of the business and have successfully evolved over extensive periods of time. The Company continually monitors the engagement of these stakeholders to provide opportunities for both parties to share in continuous improvement activities and a sustainable business model.

Community and Environment

The Company invests in technologies that are clean, green, and non-polluting throughout their lifecycle, whilst also ensuring our own operations are as clean, green, and waste-free as possible. There is no magic technology or machine that will resolve the environmental position as of today, but we fully believe that working together and using our team of entrepreneurs we can achieve our objectives on sustainability.

Ethical and fair behaviour to maintain the reputation

The Company has leadership principles of trust and responsibility, allowing customers to listen to us because they trust us, and they know we will always assume responsibility. The Directors recognise that to create long-term value the business needs to incorporate strong governance and trade with the highest possible ethical manner. The Directors have incorporated a 'Respect' charter into the Company to ensure that employees understand the conduct under which we engage with each other. Anyone who finds that unethical business practices are being undertaken they can be reported through the internal 'speak up' portal or through an independent hotline.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to several risks. The key business risks and uncertainties affecting the Company are considered to relate to competition from alternative materials and suppliers, both nationally and internationally, this risk is mitigated by having a strong relationship with key customers and striving to provide excellent customer service, and a high-quality product. The costs of the Company's key raw materials are subject to fluctuation based on the London Metal Exchange prices and have to be monitored closely with significant variations over a long period being passed on to the Company's customers.

The Company continues to work extensively with its supply chain to increase key inventory stock holdings to minimise impact of any logistic disruptions and has identified alternative routes to minimise delays at the busiest UK ports. The Company was awarded Authorised Economic Operators (AEOC) status during 2019 which will support the work achieved on our supply chain and provide some assistance in minimising importation delays.

Aalberts Integrated Piping Systems Limited

Strategic report

Future developments

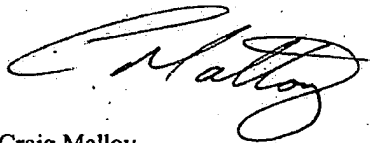
The Company has taken strategic steps to drive revenue growth in the coming years, with significant investment plans agreed over the next 5 years. Our investment plans will in conjunction with our product innovation roadmap allow us to penetrate new identified markets / customers.

The Company constantly monitors the current fluid economic / political landscape across inflationary pressures, UK government changes, currency volatility and other impacts from the war in Ukraine.

All these factors and others are the subject of proactive actions identified and undertaken by the company to mitigate risks, especially affecting our cost base, supply chain and customer service.

Whilst it is impossible to predict the impact of all risks, the company fully believes it has sufficient procedures / actions in place to steer the business through this period of economic uncertainty.

Approved by and signed on behalf of the board



Craig Malloy

Director

30 September 2022

St Catherine's Avenue, Doncaster, South Yorkshire, DN4 8DF

Aalberts Integrated Piping Systems Limited

Directors' report

The directors present their annual report on the affairs of the Company, together with the audited financial statements, for the year ended 31 December 2021. In accordance with S414C(ii) of Companies Act 2006 the Company has elected to present certain items in the Strategic Report, including the review of the business, key performance indicators, principal risks and uncertainties and future developments.

Research and development

During 2021 the Company employed a team of 12 people in its new product development department based in Doncaster who spend approximately 80% of their time developing new products or ranges to enhance the Company's existing extensive product portfolio.

Going concern

The directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies note in the financial statements on page 19.

Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: market risk (mainly currency risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out in association with the Aalberts N.V. (parent) central treasury function located in the Netherlands. Risks are then managed locally in line with procedures laid down by the group function.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates, the Company has exposure to Euro and US Dollar exchange rate variations. The Company does not use foreign exchange forward contracts and interest rate swap contracts to hedge these exposures, it has a natural hedge against US Dollar and manages its exposure monthly.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. Credit risk arises from exposure to outstanding receivables. The Company's policy is to insure all its debt through Atradius Credit Insurance, the amount of debt insured on average is 70% (2020: 77%). The Company also manages its credit exposure through defined credit limits with its trading counterparties.

An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over many counterparties and customers.

Aalberts Integrated Piping Systems Limited

Directors' report

Liquidity risk

The business is subject to the risk that it will not have sufficient borrowing facilities to fund its existing business and any future for growth. The Company has access to facilities on a UK group wide basis negotiated through the central treasury function. The Company manages its liquidity through both short term and long-term cash flow forecasts.

Metal commodity price risk

The Company has exposure to the movement of metal commodity prices. The Company manages this using derivative financial instruments to hedge the future movement in metal commodity prices.

Dividends

The directors paid a dividend of £681k (1.24p per ordinary share) in the year, in relation to a final dividend for 2021 (2020: £2,030k, 3.69p per ordinary share), further details are given in note 10. The directors also recommend a final dividend of 3.54p per ordinary share to be paid in 2022 to ordinary shareholders on the register, being a total of £1,949k for the year.

Directors

The directors, who served throughout the year and subsequently to the date of this report were as follows:

W Pelsma

C Malloy

B Liddle – resigned 30 June 2022

A In Het Veld

G Robinson - resigned 1 September 2022

J Dillon – appointed 1 September 2022

Employee engagement

The Company has continued to work towards employee engagement through a strategic approach from the Directors and the senior management team. The outline is through the Aalberts “winning with people” values we can build a sustainable future for the business and the workforce.

The Company is committed to promoting policies which ensure that employees and those who seek to work for the Company are covered under an equality policy. The Company gives full and fair consideration to applications for employment by people who are disabled, to continue wherever possible the development of staff who become disabled and to provide equal opportunities for the career development of disabled employees.

Workforce planning, training and succession planning are key to ensuring that we gain, train, and retain talent in the business. The Company look to recruit apprentices, graduates (pre and post) and develop internal employees through programmes on and offsite. Digital dynamic appraisals, objectives and upskilling are assessed through our new Performance Hub. Employees that the company wish to develop for top/emerging talent can be nominated for the Aalberts Evolve, Fit, & Connect programme, which is 12 months of coaching/mentoring and onsite development to assist employees to achieve their goals and become potentially the new managers/high achievers of the future.

Training is an important part of the Company's philosophy across all levels of the business to ensure continuity and enhancement of the Company's skill base and to encourage personal growth which assists staff retention. The philosophy is fully supported by a comprehensive and effective apprentice scheme which provides an outlet to increase knowledge transfer and secure future employees.

The Directors continue to seek new and innovative ways to engage employees and to strive to positively impact the health, safety, and wellbeing of its employees.

Through internal communication channels with team briefings, internal screen updates, cross functional team meetings, monthly newsletters, and formalised training sessions. The Company utilises the Aalberts network to share best practice and exchange ideas across all types of business forums, including health and safety, operational excellence, environmental and pricing excellence.

Aalberts Integrated Piping Systems Limited

Directors' report

Employee engagement (continued)

The Company undertakes strategic away days with employees from varying parts of the business to encourage discussions and to give employees the opportunity to understand the impact of key decisions on other areas of the business. The Directors proactively promote opportunities for employees to become involved in strategic projects and to develop new skills as part of the process. All employees are regularly communicated on the core values of the business, which are to be an entrepreneur, take ownership, go for excellence, share, and learn and act with integrity.

The Directors take a proactive approach to wellbeing and mental health onsite through an occupational health provision.

The Directors will consider short-term and long-term benefits for employees and through integrity, innovation, HRD, performance management and consultation look to build a sustainable plan.

Stakeholder engagement

The Company works closely with its key stakeholders to ensure their views are incorporated in key decisions and that interactive discussions can take place on the direction of the business. Various stakeholders are invited to attend meetings to provide their opinion upon which the Directors are making strategic decisions.

Environmental impact and carbon use disclosures

The Company fully recognises the importance of sustainability and consistently strives to include the subject in its day-to-day operational management. Our innovation projects lead with sustainability and we are finding more and more ways to build technological changes into our products to benefit the environment. The complete product life cycle is considered, taking full advantage of an increasingly sophisticated UK manufacturing base to shorten and simplify supply chains.

The Company has a rapidly developing sustainability agenda. Inward facing initiatives considering energy and water use have been in place for several years and continue to deliver year on year reductions. New initiatives to express the sustainability credentials of our products will grow in prominence over the coming period. These declarations will help our customers make better choices when trying to meet their own sustainability objectives.

Throughout the period of 2021 the Company has continued to work towards creating a more socially, environmentally, and economical sustainable future.

Aalberts Integrated Piping Systems Limited

Directors' report

Environmental impact and carbon use disclosures (continued)

In accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, we report on our greenhouse gas ('GHG') emissions as part of this annual Strategic Report. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2021 to calculate the below disclosures.

Scope	Source	KWh 2021	tCO ₂ e 2021	KWh 2020	tCO ₂ e 2020
Natural Gas	National Transmission System	10,261,165	1,879	8,431,797	1,550
Diesel - Company Cars	Fuel Stations	118,393	27	261,901	63
Petrol - Company Cars	Fuel Stations	199,130	45	81,276	19
Diesel - on-site transport	Bulk Purchase	4,244	1	2,222	1
Methane - process	Bulk Purchase	12	-	12	-
Net Scope 1 Emissions		10,582,943	1,952	8,777,208	1,633
Electricity	Grid (location based)	15,603,764	3,313	13,282,045	3,097
Net Scope 2 Emissions		15,603,764	3,313	13,282,045	3,097
Diesel - Grey Fleet	Fuel Stations	4,244	1	8,859	2
Net Scope 3 Emissions		4,244	1	8,859	2
Total CO₂e Emissions		26,190,951	5,267	22,068,112	4,731
Energy Intensity Ratio	Tonnes of production	tCO₂e	tCO₂e/Tonne of production	tCO₂e	tCO₂e/Tonne of production
tCO ₂ e per tonne of production	3,470 (2020:2,200)	5,267	2	4,731	2

A full Energy Review was carried out by an independent consultant focusing on Sub-metering, Space Lighting, Compressed Air, Manufacturing processes, behaviours, and policy. The following improvement actions have been implemented in 2021:

- New LED installations carried out in several areas with annual savings of 133,000kWh. The remaining lighting will be upgraded in 2022 through a central lighting contract.
- 100% renewable energy contract in place effective April 2021 to March 2023.
- Space heating temperature set points and time schedules reviewed and changed, reducing natural gas consumption.

The Company is currently planning to provide a comprehensive electric charging infrastructure on site in 2022 to promote and support the drive towards lower emission cars.

Aalberts Integrated Piping Systems Limited

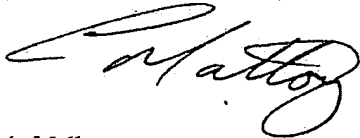
Directors' report

Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intend to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the Company by Aalberts France SARL., as the immediate parent of the entity.

Approved by the Board and signed on its behalf by:



Craig Malloy
Director
30 September 2022

St Catherine's Avenue, Doncaster, South Yorkshire, DN4 8DF

Aalberts Integrated Piping Systems Limited

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 situation 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 UK 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.

Aalberts Integrated Piping Systems Limited

Independent auditor's report to the members of Aalberts Integrated Piping Systems Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Aalberts Integrated Piping Systems Limited (the 'company'):

- 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 23.

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 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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 information

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

Aalberts Integrated Piping Systems Limited

Other information (continued)

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.

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.

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. This description forms part of our auditor's report.

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

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

We considered the nature of the company's industry and its control environment; and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These include GDPR, the Bribery Act and Health & Safety at Work Act.

We discussed among the audit engagement team including relevant internal specialists such as tax and pensions regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Aalberts Integrated Piping Systems Limited

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Revenue recognition – Accuracy: we performed testing of the design and implementation of key controls and substantive procedures including testing of a sample of sales in the year to agree to supporting third party documentation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

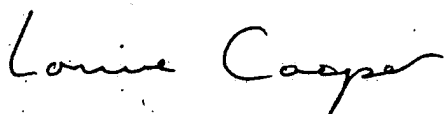
Other matter

As the company was exempt from audit under section 479A of the Companies Act 2006 in the prior year we have not audited the corresponding amounts for that year.

Aalberts Integrated Piping Systems Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.



Louise Cooper FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, UK

30 September 2022

Aalberts Integrated Piping Systems Limited

Profit and Loss Account

For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	3	137,590	108,656
Cost of sales		(115,370)	(93,625)
Gross profit		22,220	15,031
Other income	4	-	338
Distribution costs		(7,258)	(6,696)
Administrative expenses		(9,516)	(7,662)
Operating profit		5,446	1,011
Finance costs (net)	5	460	333
Dividend received		744	-
		6,650	1,344
Profit before taxation	6		
Tax on profit	9	(2,009)	19
Profit for the financial year attributable to the equity shareholders of the Company		4,641	1,363

All profits derive from continuing operations. The notes on pages 19 to 38 form an integral part of these financial statements.

Aalberts Integrated Piping Systems Limited

Statement of comprehensive income **For the year ended 31 December 2021**

	Note	2021 £'000	2020 £'000
Profit for the financial year		<u>4,641</u>	<u>1,363</u>
Re-measurement of net defined benefit liability	20	15,389	(5,641)
Tax relating to components of other comprehensive income/(expense)		<u>(2,073)</u>	<u>1,582</u>
Other comprehensive income/(expense)		<u>13,316</u>	<u>(4,059)</u>
Total comprehensive income/(expense) attributable to equity shareholders of the Company		<u><u>17,957</u></u>	<u><u>(2,696)</u></u>

The notes on pages 19 to 38 form an integral part of these financial statements.

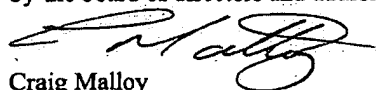
Aalberts Integrated Piping Systems Limited

Balance sheet

As at 31 December 2021

	Note	2021 £'000	Restated 2020 (note 23) £'000 (unaudited)
Fixed assets			
Intangible assets	11	5,902	6,744
Tangible assets	12	20,806	21,331
Investments	13	-	-
		<u>26,708</u>	<u>28,075</u>
Current assets			
Stocks	14	40,673	31,556
Debtors			
– due within one year	15	86,476	101,447
Cash at bank and in hand		<u>1,771</u>	<u>4,525</u>
		128,920	137,527
Creditors: amounts falling due within one year	16	<u>(53,674)</u>	<u>(64,976)</u>
Net current assets		<u>75,246</u>	<u>72,552</u>
Total assets less current liabilities		101,954	100,627
Provisions for liabilities	17	<u>(2,487)</u>	<u>(1,176)</u>
Net assets excluding pension deficit		99,467	99,451
Pension deficit	20	<u>(15,401)</u>	<u>(32,661)</u>
Net assets including pension deficit		<u>84,066</u>	<u>66,790</u>
Capital and reserves			
Called-up share capital	18	55,559	55,559
Share premium account		3	3
Profit and loss account		<u>28,504</u>	<u>11,228</u>
Shareholder's funds		<u>84,066</u>	<u>66,790</u>

The financial statements of Aalberts integrated piping systems Limited (registered number 00401507) were approved by the board of directors and authorised for issue on 30 September 2022. They were signed on its behalf by:



Craig Malloy
Director

The notes on pages 19 to 38 form an integral part of these financial statements.

Aalberts Integrated Piping Systems Limited

Statement of changes in equity

For the year ended 31 December 2021

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2020	55,559	3	15,954	71,516
Profit for the financial year	-	-	1,363	1,363
Other comprehensive expense	-	-	(4,059)	(4,059)
Total comprehensive expense	-	-	(2,696)	(2,696)
Dividends paid on equity shares (note 10)	-	-	(2,030)	(2,030)
At 1 January 2021	55,559	3	11,228	66,790
Profit for the financial year	-	-	4,641	4,641
Other comprehensive income	-	-	13,316	13,316
Total comprehensive income	-	-	17,957	17,957
Dividends paid on equity shares (note 10)	-	-	(681)	(681)
At 31 December 2021	55,559	3	28,504	84,066

The notes on pages 19 to 38 form an integral part of these financial statements.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

Aalberts Integrated Piping Systems Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on page 5. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Aalberts Integrated Piping Systems Limited is pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Aalberts Integrated Piping Systems Limited 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. Aalberts Integrated Piping Systems Limited is consolidated in the financial statements of its parent, Aalberts N.V., which may be obtained at www.aalberts.com. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Further, the Company is exempt from preparing group consolidated financial statements under Section 401 of the Companies Act 2006. The prior year comparative figures are unaudited as the Company was exempt from audit due to the parent company guarantee under s479a of the Companies Act 2006.

b. Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors' report further describes the Company's cash flows, liquidity position and borrowing facilities; the Company's objectives, policies, and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The current economic conditions create uncertainty particularly over (a) the level of demand for the Company's products; (b) the exchange rate between sterling and Euro and Dollar and thus the consequence for the cost of the Company's raw materials; and (c) the availability of bank finance in the foreseeable future.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements **For the year ended 31 December 2021**

1. Accounting policies (continued)

c. 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. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all its liabilities.

i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those assets classified as 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 balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the company either intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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 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.

ii) Equity instruments

Equity instruments issued by the company are recorded at the fair value of the cash or other resources received or receivable, net of direct issue costs.

iii) Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

iv) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value if there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

d. Intangible assets – goodwill

Goodwill arising from any acquisitions and mergers is stated at cost. Amortisation is provided on all goodwill to write off the cost over its useful life, a period of 20 years.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements For the year ended 31 December 2021

1. Accounting policies (continued)

e. *Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, and assets that are in the process of construction which are not commissioned for use, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line balance basis over its expected useful life, as follows:

Freehold buildings	20 years
Plant and machinery	3-10 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

f. *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving, or defective items where appropriate.

g. *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.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements **For the year ended 31 December 2021**

1. Accounting policies (continued)

h. Taxation

Current tax, including UK corporation tax and foreign 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.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, based on 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.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company can control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

i. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting policies (continued)

j. Employee benefits

Aalberts Integrated Piping Systems Limited participates in Yorkshire Fittings Limited's defined benefit plan. The net defined benefit cost of the plan is recognised in Aalberts Integrated Piping Systems Limited as the group entity legally responsible for the plan. The scheme was closed in December 2010.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

k. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise.

l. Leases

There are no assets held under finance leases. 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.

m. Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

n. Research and Development

Research and Development which is predominantly the costs of the Company's New Product Development team are recognised at cost in the period in which they arise.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements

For the year ended 31 December 2021

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, 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 relevant. Actual results may differ from these estimates.

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

The directors believe that there are no critical accounting judgements.

Key source of estimation uncertainty

Defined Benefit Pension Scheme

The Company participates in a defined benefit pension scheme in making its judgement for the calculation of the deficit on the defined benefit pension scheme management discussed the appropriate assumptions required to make such a calculation with the advisors acting as the Company actuary and these detailed assumptions and calculations are described in note 20.

3. Turnover

An analysis of the Company's turnover by geographical market is set out below.

	2021 £'000	2020 £'000
Turnover:		
United Kingdom	78,695	65,919
Europe	29,771	17,002
Middle East	21,600	18,461
US	1,071	1,605
Other	6,453	5,669
	<u>137,590</u>	<u>108,656</u>

An analysis of the Company's revenue is as follows:

	2021 £'000	2020 £'000
Sale of goods	<u>137,590</u>	<u>108,656</u>
Turnover	137,590	108,656
Grants	<u>180</u>	<u>270</u>
Total revenue	<u>137,770</u>	<u>108,926</u>

Grants represent amounts received in respect of the SFIE grant to support capital expenditure in the Doncaster plant.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements For the year ended 31 December 2021

4. Other income

Other income relates to government assistance received in relation to the Coronavirus Job Retention Scheme 2021
£nil (2020: £338k).

5. Finance costs (net)

	2021 £'000	2020 £'000
Interest payable and similar charges	(435)	(583)
Investment income	895	916
	<u>460</u>	<u>333</u>

Investment income

	2021 £'000	2020 £'000
Other interest receivable and similar income	895	916
	<u>895</u>	<u>916</u>

Interest payable and similar charges

	2021 £'000	2020 £'000
Net interest on defined benefit liability (note 20)	(435)	(561)
Other interest	-	(22)
	<u>(435)</u>	<u>(583)</u>

Aalberts Integrated Piping Systems Limited

Notes to the financial statements For the year ended 31 December 2021

6. Profit before taxation

Profit before taxation is stated after charging / (crediting):

	2021 £'000	2020 £'000
Depreciation of tangible fixed assets (note 12)	3,176	2,640
Amortisation of intangible assets (note 11)	842	843
Research and development	802	623
Government grants	(180)	(270)
Operating lease rentals	2,032	1,819
Cost of stock recognised as an expense	91,820	75,897
Foreign exchange loss	181	138
Rationalisation costs	-	2,322
	<u> </u>	<u> </u>

7. Staff numbers and costs

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

	2021 Number	2020 Number
Production	96	15
Sales	65	40
Administration	47	33
	<u> </u>	<u> </u>
	208	88
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	5,666	3,698
Social security costs	550	421
Other pension costs	454	327
	<u> </u>	<u> </u>
	6,670	4,446
	<u> </u>	<u> </u>

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements For the year ended 31 December 2021

8. Directors' remuneration and transactions

	2021 £'000	2020 £'000
Directors' remuneration		
Emoluments	595	451
Company contributions to defined contribution pension scheme	19	12
	<u>614</u>	<u>463</u>
Remuneration of the highest paid director	2021 £'000	2020 £'000
Emoluments	255	200
Company contributions to defined contribution pension scheme	-	4
	<u>255</u>	<u>204</u>

9. Tax on profit

The tax charge/(credit) comprises:

	2021 £'000	2020 £'000
Current tax on profit		
UK corporation tax	382	313
Adjustments in respect of prior years	1	78
Total current tax	<u>383</u>	<u>391</u>
Deferred tax		
Adjustments in respect of prior years	755	30
Origination and reversal of timing differences	347	(557)
Effect of changes in tax rates	524	117
Total deferred tax	<u>1,626</u>	<u>(410)</u>
Total tax on profit	<u>2,009</u>	<u>(19)</u>

The rate of tax applied to reported profit is 19% being the average standard full rate of UK corporation tax applicable for the year (2020: 19%).

Deferred taxes at the balance sheet date have been measured at 25% (2020: 19%) being the rate at which timing differences are expected to reverse.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements

For the year ended 31 December 2021

9. Tax on profit (continued)

The difference between the total tax charge/(credit) shown above and the amount calculated by applying the average standard rate of UK corporation tax to the profit before tax is as follows:

	2021 £'000	2020 £'000
Profit before tax	6,650	1,344
Tax on profit at average standard UK corporation tax rate of 19% (2020: 19%)	1,264	255
Effects of:		
- Expenses not deductible for tax purposes	232	189
- Effect of group relief	-	282
- Adjustments in respect of previous periods	756	108
- Effect of overseas tax rates	(216)	(184)
- Other timing differences	(148)	(26)
- Patent box	(403)	(760)
- Effects of changes to tax rates	524	117
Total tax charge/(credit) for year	2,009	(19)

10. Dividends on equity shares

	2021 £'000	2020 £'000
Final Dividend paid during the year ended 31 December 2021 of 1.24p (2020: 3.69p) per ordinary share.	681	2,030
	681	2,030

The proposed final dividend for year end 31 December 2021, payable in 2022 is £1,948,500 (3.54p per ordinary share) this is subject to approval by the shareholders and has not been included as a liability in these financial statements.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements For the year ended 31 December 2021

11. Intangible fixed assets

	Goodwill £'000
Cost	
At 1 January 2021 and 31 December 2021	16,857
Amortisation	
At 1 January 2021	10,113
Charge for the year	842
At 31 December 2021	10,955
Net book value	
At 31 December 2021	5,902
At 31 December 2020	6,744

Intangible assets represent goodwill following the transfer of the trade and current assets of Pegler Limited, a fellow group company, in 2009.

12. Tangible fixed assets

	Land and Buildings Freehold £'000	Plant and machinery £'000	Assets in the course of construction £'000	Total £'000
Cost				
At 1 January 2021	1,797	43,614	1,366	46,777
Additions	193	2,726	-	2,919
Intercompany transfer	-	2,212	-	2,212
Disposals	-	(1,575)	-	(1,575)
Transfers	-	33	(33)	-
At 31 December 2021	1,990	47,010	1,333	50,333
Depreciation				
At 1 January 2021	594	24,852	-	25,446
Charge for the year	99	3,077	-	3,176
Intercompany transfer	-	1,916	-	1,916
Disposals	-	(1,011)	-	(1,011)
At 31 December 2021	693	28,834	-	29,527
Net book value				
At 31 December 2020	1,203	18,762	1,366	21,331
At 31 December 2021	1,297	18,176	1,333	20,806

The intercompany transfer relates to the transfer of assets from Pegler Limited during 2021.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements For the year ended 31 December 2021

13. Fixed asset investments

	2021 £	2020 £
Subsidiary undertakings	1	1

The carrying value is equal to the cost.

Investments

The Company has investments in the following subsidiary undertakings, associates, and other significant investments.

	Registered office	Principal activity	Holding	%
Subsidiary undertakings				
Yorkshire Fittings Distribution Limited	St Catherines Ave, Doncaster, United Kingdom	Distribution	Ordinary Shares	100

Subsidiary undertakings have not been consolidated by Aalberts Integrated Piping Systems Limited as permitted by s.400 of the Companies Act 2006 as they are consolidated in the financial statements of Aalberts N.V.

14. Stocks

	2021 £'000	2020 Restated (note 23) £'000
Raw materials and consumables	6,813	7,126
Work in progress	13,185	9,638
Finished goods and goods for resale	20,675	14,792
	<u>40,673</u>	<u>31,556</u>

Stocks are deemed to be held at the lower of cost and recoverable amount. In the opinion of the directors there is no material difference between the balance sheet value of stocks and their replacement cost.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements For the year ended 31 December 2021

15. Debtors due within one year

	2021 £'000	2020 £'000
Trade debtors	26,682	27,156
Amounts owed by group undertakings	53,893	65,989
Prepayments and accrued income	2,050	1,684
Deferred tax	3,851	6,238
Corporation tax	-	380
	<u>86,476</u>	<u>101,447</u>

Amounts owed by group undertakings include trading debts of £266k and a deposit to Aalberts Finance of £53,627k which is repayable on demand and attracts interest at 1% above 1-month LIBOR. The deferred tax asset relates solely to the pension deficit.

Deferred tax asset

	Deferred tax asset £'000
At 1 January 2021	6,238
Charged to profit and loss account	(314)
Charged to other comprehensive income	(2,073)
	<u>3,851</u>
At 31 December 2021	<u>3,851</u>

16. Creditors: amounts falling due within one year

	2021 £'000	2020 Restated (note 23) £'000
Trade creditors	39,952	29,039
Amounts owed to group undertakings	7,791	27,318
Corporation tax	218	-
Other taxation and social security	3,605	5,548
Government grants	312	492
Accruals and deferred income	1,796	2,579
	<u>53,674</u>	<u>64,976</u>

Amounts owed to group undertakings represent normal trading creditors, being unsecured, interest free and repayable on demand.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements For the year ended 31 December 2021

17. Provisions for liabilities

	Deferred taxation £'000
At 1 January 2021	1,176
Charged to profit and loss account	1,311
	<hr/>
At 31 December 2021	2,487
	<hr/>

Deferred tax

Deferred tax is provided as follows:

	2021 £'000	2020 £'000
Other timing differences	2,487	1,176
Provision for deferred tax	<hr/> 2,487	<hr/> 1,176

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

Deferred taxes at the balance sheet date have been measured at 25% (2020: 19%) being the rate at which timing differences are expected to reverse.

The Provisional Collection of Taxes Act, enacted on 17 March 2020, set the corporation tax rate at 19% from 1 April 2020, the rate which has been used in preparing these financial statements.

The Finance Bill 2021 introduced an increase to the main rate of corporation tax to 25% from April 2023. This rate was substantively enacted on 24 May 2021. As a result, deferred tax balances expected to reverse after April 2023 and calculated at the previous 19% rate have been re-measured using the increased 25% rate.

However, in the September 2022 Mini Budget it was announced that the increase to 25% would now not occur and the Corporation Tax Rate would instead be held at 19%. This rate had not been substantively enacted at the balance sheet date, and as the result the deferred tax balances as at 31 December 2021 continue to be measured at the hybrid/full 25% rate noted above

Aalberts Integrated Piping Systems Limited

Notes to the financial statements For the year ended 31 December 2021

18. Called-up share capital and reserves

	2021 £'000	2020 £'000
Allotted, called-up and fully-paid		
55,009,000 ordinary shares of £1 each	55,009	55,009
550,087 preference shares of £1 each	550	550
Total	55,559	55,559
	2021 £'000	2020 £'000
Authorised:		
5,000 3.5% (2020: 3.5%) redeemable cumulative preference shares of £1 each	5	5

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

19. Financial commitments

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

	2021		2020	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
- within one year	1,140	353	1,139	363
- between one and five years	4,951	773	4,770	826
- after five years	3,777	-	5,098	-
	9,868	1,126	11,007	1,189

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Notes to the financial statements

For the year ended 31 December 2021

20. Employee benefits

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2021 was £243k (2020: £174k).

Defined benefit schemes

The Company operates a defined benefit scheme in the UK. The Company closed the scheme to future accrual from 31 December 2010. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out at 31 March 2021 and the preliminary results were updated to 31 December 2021 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	2021	2020
	£'000	£'000
Fair value of plan assets	109,230	99,133
Present value of defined benefit obligation	(124,631)	(131,794)
Deficit in plan	(15,401)	(32,661)
Deferred tax	3,851	6,238
Net defined benefit liability to be recognised	(11,550)	(26,423)

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Notes to the financial statements For the year ended 31 December 2021

20. Employee benefits (continued)

Reconciliation of opening and closing balances of the defined benefit obligation

	2021	2020
	£'000	£'000
Defined benefit obligation at start of year	131,794	116,451
Expenses	172	155
Interest expense	1,787	2,330
Actuarial (gains)/losses	(4,373)	17,447
Benefits paid and expenses	(4,749)	(4,589)
Defined benefit obligation at end of year	124,631	131,794

Reconciliation of opening and closing balances of the fair value of plan assets

	2021	2020
	£'000	£'000
Fair value of plan assets at start of year	99,133	87,850
Interest income	1,352	1,769
Actuarial gains	11,016	11,806
Contributions by the company	2,478	2,297
Benefits paid and expenses	(4,749)	(4,589)
Fair value of plan assets at end of year	109,230	99,133

The actual return on the plan assets over the year ended 31 December 2021 was £12,368k (2020: £13,575k).

Aalberts Integrated Piping Systems Limited

Notes to the financial statements For the year ended 31 December 2021

20. Employee benefits (continued)

Defined benefit costs recognised in profit or loss

	2021	2020
	£'000	£'000
Expenses	172	155
Net interest cost	435	561
Defined benefit costs recognised in profit and loss account	607	716

Defined benefit costs recognised in other comprehensive income

	2021	2020
	£'000	£'000
Return on plan assets (excluding amounts included in net interest cost) – gain	11,016	11,806
Experience gains arising on the plan liabilities	1,956	266
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities – gain	2,417	(17,713)
Total amount recognised in other comprehensive income – (loss)/gain	15,389	(5,641)

Assets

	2021	2020
	£'000	£'000
UK Equities	25,811	27,934
Overseas Equities	52,337	44,144
LDI	28,844	24,368
Property	803	639
Cash	924	1,561
Overseas Bonds	511	487
Total assets	109,230	99,133

None of the fair values of the assets shown above include any direct investments in the Company's own financial instruments or any property occupied by, or other assets used by, the Company.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements For the year ended 31 December 2021

20. Employee benefits (continued)

Assumptions

	2021	2020
	£'000	£'000
Discount Rate	1.81	1.38
Inflation (RPI)	3.35	2.95
Inflation (CPI)	2.87	2.41
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.35	2.95
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.87	2.41
Allowance for revaluation of deferred pensions of CPI or 2.5% p.a. if less	2.50	2.41
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.20	2.90
Allowance for pension in payment increases of CPI or 5% p.a. if less	2.80	2.40
Allowance for pension in payment increases of CPI or 3% p.a. if less	2.30	2.00
Allowance for pension in payment increases of CPI or 2.5% p.a. if less	2.00	1.80
Allowance for commutation of pension for cash at retirement	25% of pension Commutated	25% of pension commuted

The mortality assumptions adopted at 31 December 2021 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2021	20.0
Female retiring in 2021	21.9
Male retiring in 2041	21.0
Female retiring in 2041	23.1

The best estimate of contributions to be paid by the Company to the scheme for the year commencing 1 January 2022 is £2,376k (2021: £2,478k).

21. Related party transactions

The Company is exempt under the terms of section 33 of FRS102 from disclosing related party transactions with entities that are part of, or investees in, the Aalberts N.V. Group. There were no transactions with other related parties during the year.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements

For the year ended 31 December 2021

22. Controlling party

The Company's immediate parent undertaking is Aalberts France SARL, a company incorporated in France.

The ultimate parent undertaking and controlling party is Aalberts N.V., which is a company incorporated in the Netherlands and is the parent undertaking of the smallest and largest Group to consolidate these financial statements. The consolidated financial statements of this Company are available to the public and may be obtained from:

Aalberts N.V.
World Trade Center
PO Box 1218
NL – 3500 BE
Utrecht
The Netherlands.

23. Restatements

When performing the 2021 financial statement closing process, it was noted that for the comparative 2020 balance sheet, "Stocks - Finished goods and goods for resale" included stock items not legally owned by the company at the balance sheet date.

The changes to the 2020 financial statements are as follows which have been restated:

	2020 as previously presented £'000	Restatements £'000	2020 as restated £'000
Stocks	34,535	(2,979)	31,556
Creditors: amounts falling due within one year	(67,955)	2,979	(64,976)