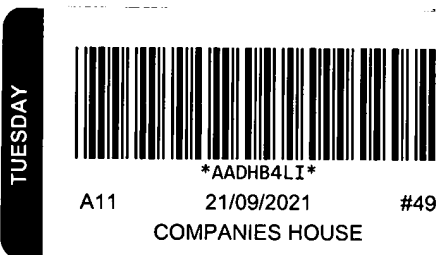


**Aalberts Integrated Piping Systems Limited
(Formerly Pegler Yorkshire Group Limited)**

**Annual report and unaudited financial
statements**

for the year ended 31 December 2020

Registered number: 00401507



Aalberts Integrated Piping Systems Limited

Contents

	Page
Strategic report	1
Directors' report	5
Directors' responsibilities statement	8
Profit and loss account	9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13

Aalberts Integrated Piping Systems Limited

Strategic report

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 2020 despite the Global Pandemic with a profit after tax of £1.3m. 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 reduced by £19.2m to £108.7m (2019: £127.8) due to the impact of the global COVID pandemic, particularly in the UK market. Middle East markets remain a key part of the Company's turnover and despite challenging market conditions in 2020, the turnover has remained strong in 2020. Earnings before interest, tax, and amortisation (EBITA) decreased to £1.9m (2019: £6.4m) as a result of the reduction in Turnover.

The result for the year includes a £2.2m (2019: £0.8m) rationalisation cost in relation to redundancy costs within the UK facility as a result of re-organisation of key areas within the business.

Net assets as at 31 December 2020 were £66.8m (2019: £71.5) which are driven by the profit in the year, the re-measurement of the defined pension scheme and dividends.

Key Performance Indicators (KPIs)

KPI	2020	2019	Analysis of performance
Sales growth (%)	(15.0)	11.5	Turnover was impacted by the Global outbreak of COVID, Particularly in the UK market. Sales to the Middle East Market remained strong throughout 2020.
Gross margin (%)	13.8	16.6	Gross margin reduced due to the lower sales volumes in the UK market.
Operating Profit (%)	0.93	4.34	Improved operating profit reduction arising from lower sales volumes and restructuring costs.
Debtor days	91	76	Main increase in debtor days is due to the higher proportion of middle east sales in relation to total sales on higher payment terms.
Stock days	135	125	Stock days have been impacted by the lower sales volume in 2021 due to COVID. Stock was also increased in December 2020 in preparation for Brexit.

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 16,000 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.

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 2020 the company has continued to work towards creating a more socially, environmentally, and economical sustainable future.

Aalberts Integrated Piping Systems Limited

Strategic report

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 2020 to calculate the below disclosures.

Scope	Source	KWh 2020	tCO ₂ e 2020
Natural Gas	National Transmission System	8,431,797	1,550
Diesel - Company Cars	Fuel Stations	261,901	63
Petrol - Company Cars	Fuel Stations	81,276	19
Diesel - on-site transport	Bulk Purchase	2,222	1
Methane - process	Bulk Purchase	12	0
Net Scope 1 Emissions		8,777,208	1,633
Electricity	Grid (location based)	13,282,045	3,097
Net Scope 2 Emissions		13,282,045	3,097
Diesel - Grey Fleet	Fuel Stations	8,859	2
Net Scope 3 Emissions		8,859	2
Total CO₂e Emissions		22,068,112	4,731
Energy Intensity Ratio	Tonnes of production	tCO₂e	tCO₂e/Tonne of production
tCO ₂ e per tonne of production	2,200	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 taken:

- Space heating temperature set points and time schedules reviewed and changed, reducing natural gas consumption by c2,000,000KWh and 368tCO₂e in 2020.
- New Stamping lighting upgraded to LED with Photo-Cell control reducing electricity consumption by 30,500kWh and 7tCO₂e in 2020 (61,000kWh and 14.2tCO₂e per annum).
- Detailed lighting survey carried out across all sites; lighting upgrades planned for 2021 and 2022.
- Detailed energy survey carried out on the Plating air supply and extract systems; design concept developed and project to be implemented in 2021.

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

Strategic report

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 2008 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.

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.

Aalberts Integrated Piping Systems Limited

Strategic report

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.

Future developments

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.

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.

At the date of this report COVID is still a major risk to the economy and businesses across the Globe, however the Directors expect the business to close out the year with a substantial improvement in its revenue and profitability.

Approved by and signed on behalf of the board

Craig Malloy
Director



15 September 2021

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 unaudited financial statements, for the year ended 31 December 2020. 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 2020 the Company employed a team of 11 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 13.

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 77% (2019: 76%). 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 £2,030k in the year, in relation to a final dividend for 2019 (2019: £1,498k), further details are given in note 10. The directors also recommend a final dividend of 1.24p per ordinary share to be paid in 2021 to ordinary shareholders on the register, being a total of £681k for the year.

Directors

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

W Pelsma

C Malloy

B Liddle

A In Het Veld

G Robinson – Appointed 14 December 2020

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 & safety, operational excellence, environmental and pricing excellence.

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

Aalberts Integrated Piping Systems Limited

Directors' report

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 & 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.

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
15 September 2021

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

Profit and Loss Account

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover	3	108,656	127,814
Other Income	4	338	-
Cost of sales		(93,625)	(106,635)
Gross profit		15,369	21,179
Distribution costs		(6,696)	(8,456)
Administrative expenses		(7,662)	(7,181)
Operating profit		1,011	5,542
Finance costs (net)	5	333	(710)
		1,344	4,832
Profit before taxation	6		
Tax on profit	9	19	(770)
Profit for the financial year attributable to the equity shareholders of the Company		1,363	4,062

All profits derive from continuing operations. The notes on pages 14 to 36 form an integral part of these financial statements.

Aalberts Integrated Piping Systems Limited

Statement of comprehensive income

For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Profit for the financial year		<u>1,363</u>	<u>4,062</u>
Re-measurement of net defined benefit liability	20	(5,641)	219
Tax relating to components of other comprehensive (expense)/income		<u>1,582</u>	<u>(60)</u>
Other comprehensive (expense)/income		<u>(4,059)</u>	<u>159</u>
Total comprehensive (loss)/income attributable to equity shareholders of the Company		<u><u>(2,696)</u></u>	<u><u>4,221</u></u>

The notes on pages 14 to 36 form an integral part of these financial statements.

Aalberts Integrated Piping Systems Limited

Balance sheet

As at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	11	6,744	7,587
Tangible assets	12	21,331	21,061
Investments	13	-	-
		<u>28,075</u>	<u>28,648</u>
Current assets			
Stocks	14	34,535	36,629
Debtors			
– due within one year	15	101,447	92,373
Cash at bank and in hand		4,525	5,490
		<u>140,507</u>	<u>134,492</u>
Creditors: amounts falling due within one year	16	<u>(67,955)</u>	<u>(61,497)</u>
Net current assets		<u>72,552</u>	<u>72,995</u>
Total assets less current liabilities		<u>100,627</u>	<u>101,643</u>
Provisions for liabilities	17	<u>(1,176)</u>	<u>(1,526)</u>
Net assets excluding pension deficit		<u>99,451</u>	<u>100,117</u>
Pension deficit	20	<u>(32,661)</u>	<u>(28,601)</u>
Net assets including pension deficit		<u><u>66,790</u></u>	<u><u>71,516</u></u>
Capital and reserves			
Called-up share capital	18	55,559	55,559
Share premium account		3	3
Profit and loss account		11,228	15,954
Shareholder's funds		<u><u>66,790</u></u>	<u><u>71,516</u></u>

For the financial year ended 31 December 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The member has not required the Company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The financial statements of Aalberts integrated piping systems Limited (registered number 00401507) were approved by the board of directors and authorised for issue on 15 September 2021. They were signed on its behalf by:

Craig Malloy
Director



The notes on pages 14 to 36 form an integral part of these financial statements.

Aalberts Integrated Piping Systems Limited

Statement of changes in equity

For the year ended 31 December 2020

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2019	55,559	3	13,231	68,793
Profit for the financial year	-	-	4,062	4,062
Re-measurement of net defined benefit liability	-	-	159	159
Total comprehensive income	-	-	4,221	4,221
Dividends paid on equity shares (note 10)	-	-	(1,498)	(1,498)
At 1 January 2020	55,559	3	15,954	71,516
Profit for the financial year	-	-	1,363	1,363
Re-measurement of net defined benefit liability	-	-	(4,059)	(4,059)
Total comprehensive loss	-	-	(2,696)	(2,696)
Dividends paid on equity shares (note 10)	-	-	(2,030)	(2,030)
At 31 December 2020	55,559	3	11,228	66,790

The notes on pages 14 to 36 form an integral part of these financial statements.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements

For the year ended 31 December 2020

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.

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 2020

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 2020

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 2020

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 2020**

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 2020

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.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue Recognition

In making its judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 Section 23 *Revenue* and whether the Company had transferred to the buyer the significant risks and rewards of ownership of the goods.

Key source of estimation uncertainty

Impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of their value in use to the Company. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the intangible asset and a suitable discount rate in order to calculate present value.

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.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements For the year ended 31 December 2020

3. Turnover

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

	2020 £'000	2019 £'000
Turnover:		
United Kingdom	65,919	84,378
Europe	17,002	16,396
Middle East	18,461	19,033
US	1,605	814
Other	5,669	7,193
	<u>108,656</u>	<u>127,814</u>

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

	2020 £'000	2019 £'000
Sale of goods	108,656	127,814
Turnover	108,656	127,814
Grants	270	300
Total revenue	<u>108,926</u>	<u>128,114</u>

Grants represent amounts received in respect of the SFIE grant to support capital expenditure in the Doncaster plant. The Company has not directly benefited from any other forms of government assistance.

4. Other Income

Other income relates to government assistance received in relation to the Coronavirus Job Retention Scheme.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements For the year ended 31 December 2020

5. Finance costs (net)

	2020 £'000	2019 £'000
Interest payable and similar charges	(583)	(1,675)
Investment income	916	965
	<u>333</u>	<u>(710)</u>

Investment income

	2020 £'000	2019 £'000
Other interest receivable and similar income	916	965
	<u>916</u>	<u>965</u>

Interest payable and similar charges

	2020 £'000	2019 £'000
Net interest on defined benefit liability (note 20)	(561)	(825)
Other Interest	(22)	(850)
	<u>(583)</u>	<u>(1,675)</u>

Total

Aalberts Integrated Piping Systems Limited

Notes to the financial statements

For the year ended 31 December 2020

6. Profit before taxation

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

	2020 £'000	2019 £'000
Depreciation of tangible fixed assets (note 12)	2,460	2,231
Amortisation of intangible assets (note 11)	843	843
Research and development	623	633
Government grants	(270)	(300)
Operating lease rentals	1,819	1,750
Cost of stock recognised as an expense	75,897	86,820
Foreign exchange (gain)/loss	138	(63)
Commodity hedge derivative loss/(gain)	-	4
Rationalisation costs	2,322	810

Commodity hedge derivative relate to a hedge placed with BNP Paribas bank for future raw material purchases.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements

For the year ended 31 December 2020

7. Staff numbers and costs

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

	2020 Number	2019 Number
Production	15	8
Sales	40	49
Administration	33	43
	<u>88</u>	<u>100</u>

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	3,698	4,698
Social security costs	421	501
Other pension costs	327	305
	<u>4,446</u>	<u>5,504</u>

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

8. Directors' remuneration and transactions

	2020 £'000	2019 £'000
<i>Directors' remuneration</i>		
Emoluments	451	388
Company contributions to defined contribution pension scheme	12	10
	<u>463</u>	<u>398</u>

	2020 £'000	2019 £'000
<i>Remuneration of the highest paid director</i>		
Emoluments	200	211
Company contributions to defined contribution pension scheme	4	-
	<u>204</u>	<u>211</u>

Aalberts Integrated Piping Systems Limited

Notes to the financial statements

For the year ended 31 December 2020

9. Tax on profit

The tax charge comprises:

	2020 £'000	2019 £'000
Current tax on profit		
UK corporation tax	313	24
	<u>313</u>	<u>24</u>
 Adjustments in respect of prior years		
UK corporation tax	78	76
	<u>78</u>	<u>76</u>
Total current tax	391	100
Deferred tax		
Adjustments in respect of prior years	30	215
Origination and reversal of timing differences	(557)	455
Effect of changes in tax rates	117	-
	<u>117</u>	<u>-</u>
Total deferred tax	(410)	670
	<u>(410)</u>	<u>670</u>
 Total tax on profit	 (19)	 770
	<u>(19)</u>	<u>770</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 (2019: 19%).

Deferred taxes at the balance sheet date have been measured at 19% (2019: 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 2020

9. Tax on profit (continued)

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

	2020 £'000	2019 £'000
Profit before tax	1,344	4,832
Tax on profit at average standard UK corporation tax rate of 19% (2019: 19%)	255	918
Effects of:		
- Expenses not deductible for tax purposes	189	240
- Effect of group relief	282	321
- Adjustments in respect of previous periods	108	291
- Effect of overseas tax rates	(184)	(189)
- Deferred tax not provided	-	-
- Other timing differences	(26)	163
- Patent box	(760)	(974)
- Effects of changes to tax rates	117	-
Total tax (credit)/charge for year	(19)	770

10. Dividends on equity shares

	2020 £'000	2019 £'000
Final Dividend paid during the year ended 31 December 2020 of 3.69p (2019: 2.72p) per ordinary share.	2,030	1,498
	2,030	1,498

The proposed final dividend for year end 31 December 2020, payable in 2021 is £681,000 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 2020

11. Intangible fixed assets

	Goodwill 2020 £'000
Cost	
At 1 January 2020 and 31 December 2020	16,857
Amortisation	
At 1 January 2019	9,270
Charge for the year	843
At 31 December 2020	10,113
Net book value	
At 31 December 2020	6,744
At 31 December 2019	7,587

Intangible assets represent goodwill following the transfer of the trade and current assets of Pegler Limited, a fellow group company, in 2009. The tangible fixed assets remained with Pegler Limited. On 1 July 2021, the employees of Pegler Limited were transferred to Aalberts Integrated Piping Systems Limited.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements

For the year ended 31 December 2020

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 2020	1,785	33,753	3,915	39,453
Additions	12	492	1,051	1,555
Intercompany Transfer	-	5,769	-	5,769
Disposals	-	-	-	-
Transfers	-	3,600	(3,600)	-
At 31 December 2020	<u>1,797</u>	<u>43,614</u>	<u>1,366</u>	<u>46,777</u>
Depreciation				
At 1 January 2020	495	17,897	-	18,392
Charge for the year	99	2,541	-	2,640
Intercompany Transfer	-	4,414	-	4,414
Disposals	-	-	-	-
At 31 December 2020	<u>594</u>	<u>24,852</u>	<u>-</u>	<u>25,446</u>
Net book value				
At 31 December 2019	<u>1,290</u>	<u>15,856</u>	<u>3,915</u>	<u>21,061</u>
At 31 December 2020	<u>1,203</u>	<u>18,762</u>	<u>1,366</u>	<u>21,331</u>

Aalberts Integrated Piping Systems Limited

Notes to the financial statements For the year ended 31 December 2020

13. Fixed asset investments

	2020 £	2019 £
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

	2020 £'000	2019 £'000
Raw materials and consumables	7,126	6,654
Work in progress	9,638	4,586
Finished goods and goods for resale	17,771	25,389
	<u>34,535</u>	<u>36,629</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 2020

15. Debtors due within one year

	2020 £'000	2019 £'000
Trade debtors	27,156	26,517
Amounts owed by group undertakings	65,989	59,646
Commodity hedge derivative	-	-
Prepayments and accrued income	1,684	1,314
Deferred tax	6,238	4,896
Corporation Tax Asset	380	-
	<u>101,447</u>	<u>92,373</u>

Amounts owed by group undertakings include trading debts of £118k and a deposit to Aalberts Finance of £65,871k which is repayable on demand and attracts interest at 1% above 1-month LIBOR. The deferred tax asset relates solely to the pension deficit.

16. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	32,018	27,740
Amounts owed to group undertakings	27,318	22,413
Corporation tax	-	3,171
Other taxation and social security	5,548	4,321
Government grants	492	762
Accruals and deferred income	2,579	2,942
Commodity hedge derivative	-	17
Defined contribution pension scheme accrual	-	131
	<u>67,955</u>	<u>61,497</u>

Amounts owed to group undertakings represent normal trading creditors, being unsecured, interest free and repayable on demand. Creditors includes £nil (2019: £17k) in relation to commodity hedges placed with BNP Paribas, London and Rabobank, Netherlands. The 2019 value is based upon the MTM valuation at 31 December 2019.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements For the year ended 31 December 2020

17. Provisions for liabilities

	Deferred taxation £'000
At 1 January 2020	1,526
Credited to profit and loss account	(350)
	<hr/>
At 31 December 2020	1,176
	<hr/> <hr/>

Deferred tax

Deferred tax is provided as follows:

	2020 £'000	2019 £'000
Accelerated capital allowances	-	57
Other timing differences	1,176	1,469
	<hr/>	<hr/>
Provision for deferred tax	1,176	1,526
	<hr/> <hr/>	<hr/> <hr/>

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 19% (2019: 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 2020

18. Called-up share capital and reserves

	2020 £'000	2019 £'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	<u>55,559</u>	<u>55,559</u>

	2020 £'000	2019 £'000
Authorised:		
5,000 3.5% (2019: 3.5%) redeemable cumulative preference shares of £1 each	<u>5</u>	<u>5</u>

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

Capital commitments are as follows:

	2020 £'000	2019 £'000
Contracted for but not provided for		
- Plant and machinery capital commitments	<u>-</u>	<u>387</u>

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

	2020		2019	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
- within one year	1,139	363	983	307
- between one and five years	4,770	826	4,915	417
- after five years	5,098	-	3,875	-
	<u>11,007</u>	<u>1,189</u>	<u>9,773</u>	<u>724</u>

Aalberts Integrated Piping Systems Limited

Notes to the financial statements For the year ended 31 December 2020

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 2020 was £174k (2019: £222k).

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 2018 and the preliminary results were updated to 31 December 2020 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

	2020	2019
	£'000	£'000
Fair value of plan assets	99,133	87,850
Present value of defined benefit obligation	(131,794)	(116,451)
Deficit in plan	(32,661)	(28,601)
Deferred tax	6,238	4,896
Net defined benefit liability to be recognised	(26,423)	(23,705)

Aalberts Integrated Piping Systems Limited

Notes to the financial statements

For the year ended 31 December 2020

20. Employee benefits (continued)

Reconciliation of opening and closing balances of the defined benefit obligation

	2020	2019
	£'000	£'000
Defined benefit obligation at start of year	116,451	106,450
Expenses	155	156
Interest expense	2,330	2,981
Actuarial loss/(gains)	17,447	10,711
Benefits paid and expenses	(4,589)	(3,847)
Defined benefit obligation at end of year	131,794	116,451

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

	2020	2019
	£'000	£'000
Fair value of plan assets at start of year	87,850	76,521
Interest income	1,769	2,156
Actuarial gains/(losses)	11,806	10,930
Contributions by the company	2,297	2,090
Benefits paid and expenses	(4,589)	(3,847)
Fair value of plan assets at end of year	99,133	87,850

The actual return on the plan assets over the year ended 31 December 2020 was £13,575k (2019: £13,086k).

Aalberts Integrated Piping Systems Limited

Notes to the financial statements For the year ended 31 December 2020

20. Employee benefits (continued)

Defined benefit costs recognised in profit or loss

	2020	2019
	£'000	£'000
Expenses	155	156
Net interest cost	561	825
Defined benefit costs recognised in profit and loss account	716	981

Defined benefit costs recognised in other comprehensive income

	2020	2019
	£'000	£'000
Return on plan assets (excluding amounts included in net interest cost) – gain	11,806	10,930
Experience gains arising on the plan liabilities	266	(236)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities – gain	(17,713)	(10,475)
Total amount recognised in other comprehensive income – (loss)/gain	(5,641)	219

Assets

	2020	2019
	£'000	£'000
UK Equities	27,934	26,556
Overseas Equities	44,144	37,490
Corporate Bonds	-	1,960
LDI	24,368	18,116
Property	639	675
Alternative Assets	-	2,186
Cash	1,561	867
Overseas Bonds	487	-
Total assets	99,133	87,850

None of the fair values of the assets shown on previous page 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 2020

20. Employee benefits (continued)

Assumptions

	2020	2019
	£'000	£'000
Discount Rate	1.38	2.04
Inflation (RPI)	2.95	2.75
Inflation (CPI)	2.41	1.95
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	2.95	2.75
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.41	1.95
Allowance for revaluation of deferred pensions of CPI or 2.5% p.a. if less	2.41	1.95
Allowance for pension in payment increases of RPI or 5% p.a. if less	2.90	2.70
Allowance for pension in payment increases of CPI or 5% p.a. if less	2.40	2.00
Allowance for pension in payment increases of CPI or 3% p.a. if less	2.00	1.80
Allowance for pension in payment increases of CPI or 2.5% p.a. if less	1.80	1.60
Allowance for commutation of pension for cash at retirement	25% of pension Commuted	25% of pension commuted

The mortality assumptions adopted at 31 December 2020 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2020	19.9
Female retiring in 2020	21.9
Male retiring in 2040	21.0
Female retiring in 2040	23.1

The best estimate of contributions to be paid by the Company to the scheme for the year commencing 1 January 2021 is £2,285k (2020: £2,230k).

21. Subsequent events

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.

Aalberts Integrated Piping Systems Limited

Notes to the financial statements

For the year ended 31 December 2020

22. 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.

23. 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.