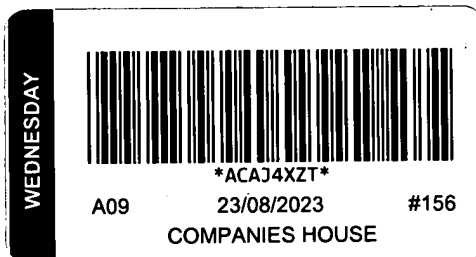


Registered number: 01851035

PETROLVALVES (G.B.) LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2022**



PETROLVALVES (G.B.) LIMITED

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PETROLVALVES (G.B.) LIMITED

COMPANY INFORMATION

Directors

A de Grenet
S Malquori

Registered number

01851035

Registered office

Fountain House Holbrooke Place
28 - 32 Hill Rise
Richmond
TW10 6UD
England

Independent auditors

Whitley Stimpson Limited
29-31 Castle Street
High Wycombe
Buckinghamshire
United Kingdom
HP13 6RU

PETROLVALVES (G.B.) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2022

The directors present their report and the audited financial statements for the year ended 30 November 2022.

Principal activity

Petrolvalves (G.B.) Limited ("Petrolvalves") is a privately owned company and a leading provider of speciality valves for the Oil, Gas and Power Generation Industries.

Results and Dividends

The profit for the year, after taxation, amounted to £135,582 (2021: £654,118).

The directors do not recommend the payment of a dividend (2021: £nil).

Directors

The directors who served during the year were:

R McMahon	(resigned 20 December 2021)
C Tortelli	(resigned 1 September 2022)
S Malquori	(appointed 13 September 2022)
S A Vasconi	(appointed 20 December 2021 and resigned 21 February 2023)
A de Grenet	(appointed 22 February 2023)

Going concern

The directors, having received confirmation from the directors of the Company's parent Petrolvalves S.p.A. that the Company's parent will provide financial support to the Company to enable it to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements. As a result of receiving this confirmation as well as inquiries made of the Petrolvalves Group, the directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Petrolvalves Group to continue as a going concern or its ability to continue with the current banking arrangements.

The uncertainty as to the future impact on the Group of the recent COVID-19 outbreak has been considered as part of the Group's adoption of the going concern basis. Thus far, we have not observed any material impact on our UK business due to COVID-19. Furthermore, it has to be taken in consideration the business model of Petrolvalves (G.B.) Limited, acting as Petrolvalves S.p.A.'s sales agent. Hence, the future impact of this virus outbreak has to be evaluated at parent company level whose disclosure is available in the Consolidated Annual Report.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Petrolvalves S.p.A., the Company's directors have a reasonable expectation that the Company will be able 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.

PETROLVALVES (G.B.) LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 30 NOVEMBER 2022

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware.

Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Independent auditors

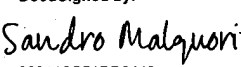
The auditors, Whitley Stimpson Limited, were appointed as auditors to the company during the year and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The directors have also taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 and not prepared a strategic report.

This report was approved by the board on 22-ago-2023 and signed on its behalf by:

DocuSigned by:

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S Malquori
Director

PETROLVALVES (G.B.) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *'The Financial Reporting Standard applicable in the UK and Republic of Ireland'*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements 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 to 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.

PETROLVALVES (G.B.) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETROLVALVES (G.B.) LIMITED

Qualified opinion on financial statements

We have audited the financial statements of Petrolvalves (G.B.) Limited (the 'company') for the year ended 30 November 2022 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

The prior year's wages costs were materially understated in note 6 of the financial statements. The payroll reports for that period show the gross wages costs of £1,176K compared to £943K shown in note 6, which gives rise to a difference of £233K. Whilst we don't believe it has affected the brought forward reserves and it's merely a profit and loss reclassification error that required note 6 to be restated, the directors are unable to justify this understatement of £233K, so are not in a position to restate last year's figures, because there is no clarity on the corresponding profit and loss entry which lead to the financial statements being materially misstated.

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 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 qualified 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.

PETROLVALVES (G.B.) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETROLVALVES (G.B.) LIMITED

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. 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.

This is the first year of audit, thus the prior year figures have not been audited. We have performed suitable brought forward testing, but our work on the comparative did not have the same level of detail as a full statutory audit.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

PETROLVALVES (G.B.) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETROLVALVES (G.B.) LIMITED

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.

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 obtained an understanding of the legal and regulatory frameworks that are applicable to the entity and determined that the most significant are those that relate to the financial reporting framework FRS102, Companies Act 2006, and tax legislation.

We assessed the risks of material misstatement in respect of fraud. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements. We made enquiries with management and those charged with governance and corroborated our enquiries through review of third party documentation and correspondence where appropriate.

We identified that the principal risks related to revenue recognition being materially misstated due to fraud. We considered the risk of fraud through management override and, in response, we incorporated testing of manual journal entries and management estimates into our audit approach.

Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations identified above and to identify and to address material misstatements in relation to fraud. The engagement team collectively had the appropriate competence and capabilities to identify and recognise non-compliance with laws and regulations and fraud and perform these procedures effectively.

PETROLVALVES (G.B.) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETROLVALVES (G.B.) LIMITED

Audit procedures performed included:

- Discussion amongst the audit team regarding the susceptibility of the client to fraud;
- Consideration of the risk of fraud when documenting and reviewing internal controls and procedures;
- Enquiring of management how they assess the risk of fraud, and identify and respond to the risks of fraud;
- Enquiring of management whether they have any knowledge of actual or suspected frauds or non-compliance with laws and regulations;
- Review of how those charged with governance exercise oversight of management's process for identifying and responding to the risk of fraud;
- Substantive testing of revenue and debtors, including recalculation of transfer pricing adjustment;
- Review of journals for unusual items;
- Review of relevant tax correspondence;
- Substantive procedures and analytical review of cost sales and admin expenses;
- Review of VAT return entries and perform analytical procedures on VAT balances;
- Substantive testing on fixed assets including having sight of the assets to confirm existence;
- Verification of employees;
- Review of bank reconciliation for evidence of window dressing; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

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

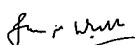
PETROLVALVES (G.B.) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETROLVALVES (G.B.) 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.

DocuSigned by:



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Jonathan Walton BFP FCA FCCA
Senior Statutory Auditor
For and on behalf of Whitley Stimpson Limited
Chartered Accountants
Statutory Auditor
29-31 Castle Street
High Wycombe
Buckinghamshire
United Kingdom
HP13 6RU

Date: 22-Aug-2023

PETROLVALVES (G.B.) LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 30 NOVEMBER 2022

	Note	2022 £	Unaudited 2021 (as restated)* £
Turnover	4	2,620,480	1,511,053
Cost of sales		(1,662,381)	(119,422)
Gross profit		958,099	1,391,631
Administrative expenses		(819,877)	(1,386,133)
Operating profit	5	138,222	5,498
Interest receivable and similar income	8	11,825	176
Interest payable and similar charges	13	—	—
Profit on disposal of tangible asset		—	718,391
Profit before tax		150,047	724,065
Tax on profit	9	(14,465)	(69,947)
Profit for the financial year		135,582	654,118
Retained earnings at the beginning of the year		7,757,766	7,103,648
Profit for the financial year		135,582	654,118
Retained earnings at the end of the year		7,893,348	7,757,766

*The prior year statement has been restated to present the profit on disposal of tangible assets as a separate line after operating profit. There is no impact on profit for the prior year as a result of this restatement as this is a presentational change only.

All amounts above relate to continuing operations.

The Company has no items of other comprehensive income for the current year or preceding financial year. Therefore no separate statement of other comprehensive income has been presented.

The notes on pages 12 to 24 form part of these financial statements.

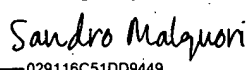
PETROLVALVES (G.B.) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2022

REGISTERED NUMBER: 01851035

	Note	2022 £	Unaudited 2021 £
Fixed assets			
Tangible fixed assets	10	2,298	5,099
Investments	11	–	974
		2,298	6,073
Current assets			
Debtors: amounts falling due after more than one year	12	2,503	–
Debtors: amounts falling due within one year	12	7,901,507	9,217,719
Cash at bank and in hand		81,913	1,063,470
		7,985,923	10,281,189
Creditors: amounts falling due within one year	13	(74,873)	(2,509,496)
Net current assets		7,911,050	7,771,693
Net assets		7,913,348	7,777,766
Capital and reserves			
Called up share capital	15	20,000	20,000
Profit and loss account		7,893,348	7,757,766
Total equity		7,913,348	7,777,766

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 financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

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S Malquori
Director

Date: 22-ago-2023

The notes on pages 12 to 24 form part of these financial statements.

PETROLVALVES (G.B.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2022

1 General information

Petrolvalves (G.B.) Limited is a private company limited by shares incorporated in England and Wales. Its registered number is 01851035.

The address of its registered office is:

Fountain House Holbrooke Place
28 - 32 Hill Rise
Richmond
England
TW10 6UD

Petrolvalves (G.B.) Limited ("Petrolvalves") is a privately owned company and a leading provider of speciality valves for the Oil, Gas and Power Generation Industries.

2 Accounting policies

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

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Exemptions for qualifying entities under FRS 102

The Company's ultimate parent undertaking, Petrolvalves S.p.A includes the Company in its consolidated financial statements. The consolidated financial statements of Petrolvalves S.p.A are available to the public and may be obtained from its registered office, Viale Luigi Majno 17/A, 20122 Milan, Italy. In these financial statements, the Company is considered to be a qualifying entity (for the purpose of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- A reconciliation of the number of shares outstanding at the beginning and end of the period;
- The requirement to prepare a statement of cash flows;
- Certain financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated; and
- Key management personnel compensation.

PETROLVALVES (G.B.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 NOVEMBER 2022

2.3 Going concern

The directors, having received confirmation from the directors of the Company's parent Petrolvalves S.p.A. that the Company's parent will provide financial support to the Company to enable it to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements. As a result of receiving this confirmation as well as enquiries made of the Petrolvalves Group, the directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Petrolvalves Group to continue as a going concern or its ability to continue with the current banking arrangements.

The uncertainty as to the future impact on the Group of the recent COVID-19 outbreak has been considered as part of the Group's adoption of the going concern basis. Thus far, we have not observed any material impact on our UK business due to COVID-19. Furthermore, it has to be taken in consideration the business model of Petrolvalves (G.B.) Limited, acting as Petrolvalves S.p.A.'s sales agent. Hence, the future impact of this virus outbreak has to be evaluated at parent company level whose disclosure is available in the Consolidated Annual Report.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Petrolvalves S.p.A., the Company's directors have a reasonable expectation that the Company will be able 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.

2.4 Foreign currency translation

i. Functional and presentation currency

The Company's functional and presentational currency is pound sterling.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and retained earnings within administrative expenses.

PETROLVALVES (G.B.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 NOVEMBER 2022

2.5 Turnover

Turnover represents amounts for sale of goods and services net of VAT and trade discounts. The Company recognises turnover at the point when the goods are complete and made available for collection to the clients, which is when the risk of ownership passes to the purchaser and physical delivery occurs, either immediately or within a fixed delivery schedule that is reasonable and customary in the industry.

Amounts received in advance are recognised as deferred income in the balance sheet and are released to the statement of income and retained earnings on an appropriate and reasonable basis (e.g. pro rata as orders are fulfilled).

2.6 Commissions

Commissions represent income received by Petrolvalves (G.B.) Limited under agency agreements in respect of specific contracts. Commissions are recognised in the statement of income and retained earnings when the related goods are complete and made available for collection to the clients, which is when the risk of ownership passes to the purchaser and physical delivery occurs, either immediately or within a fixed delivery schedule that is reasonable and customary in the industry.

2.7 Tangible fixed assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Fixture and fittings	– 20% Straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of income and retained earnings.

PETROLVALVES (G.B.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 NOVEMBER 2022

2.8 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit's) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of income and retained earnings, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the statement of income and retained earnings.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of income and retained earnings.

2.9 Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in the statement of income and retained earnings. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

PETROLVALVES (G.B.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 NOVEMBER 2022

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of income and retained earnings except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and convertible loan notes.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in equity instruments are initially measured at the transaction price plus transaction cost. At the end of the reporting period, these financial assets are measured at cost less impairment.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of income and retained earnings.

PETROLVALVES (G.B.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 NOVEMBER 2022

2.12 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the statement of income and retained earnings in finance costs, or income as appropriate. The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.13 Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

i. Short term benefits

The costs of short term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

ii. Defined contribution pension plans

For defined contribution schemes the amount charged to the statement of income and retained earnings is the contribution payable in the year. The assets of the scheme are held separately from those of the Company in an independently administered fund.

2.14 Operating leases

Rentals paid under operating leases are charged to the statement of income and retained earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

PETROLVALVES (G.B.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 NOVEMBER 2022

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3 Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

The Company exercises judgement to determine whether the nature of its obligation is to provide the specified goods or services itself (i.e., the Company is a principal) or to arrange for another party to provide those goods or services (i.e., the Company is an agent). Failure to make the right judgement will result to misstatement of revenues and cost of sales. The Company assessed that it is only acting as an agent for certain sales contracts with customers on the basis that the mother company Petrolvalves S.p.A is primarily responsible for fulfilling the promise to provide goods to customers, establishing the price and bears the inventory and credit risk as well.

4 Turnover

An analysis of turnover by class of business is as follows:

	2022 £	Unaudited 2021 £
Valves	–	1,128,996
Agency services	2,620,480	382,057
	2,620,480	1,511,053

An analysis of turnover by country of destination:

	2022 £	Unaudited 2021 £
United Kingdom	–	51,748
Rest of Europe	2,620,480	1,459,305
	2,620,480	1,511,053

PETROLVALVES (G.B.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 NOVEMBER 2022

5 Operating profit

The operating profit is stated charging/(crediting):

	2022	Unaudited 2021 (as restated)*
	£	£
Depreciation of owned tangible fixed assets	2,801	6,564
Exchange losses	156,164	43,476
Operating lease charges*	76,796	74,971
Cost of stocks recognised as an expense	–	119,422
Loss/(profit) on disposal of fixed asset investment	974	(3,368)
Auditor's remuneration	12,000	–

*Refer to note 17 for details on the prior year restatement.

6 Employees

Staff costs, including directors' remuneration, were as follows:

	2022	Unaudited 2021
	£	£
Wages and salaries	358,386	769,495
Social security costs	45,546	151,820
Pension costs, defined contribution scheme	14,984	21,524
	418,916	942,839

The average monthly number of employees, including the directors, during the year was as follows:

	2022	Unaudited 2021
	No.	No.
Sales staff	4	5
Administrative staff	1	1
	5	6

PETROLVALVES (G.B.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 NOVEMBER 2022

7 Directors' remuneration

The directors received no remuneration for the year ended 30 November 2022 (2021: £nil).

8 Interest receivable and similar income

	2022	Unaudited 2021
	£	£
Interest on bank deposits	69	176
Interest on loans	11,756	–
	11,825	176

9 Taxation

	2022	Unaudited 2021
	£	£
Corporation tax		
Current tax on profits for the year	33,048	7,420
Adjustments in respect of previous periods	(14,870)	62,429
Total current tax	18,178	69,849
Deferred tax		
Impact of rate changes	(892)	(516)
Adjustments in respect of previous periods	–	1,557
Origination and reversal of timing differences	(2,821)	(943)
Total deferred tax	(3,713)	98
Taxation on profit on ordinary activities	14,465	69,947

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022	Unaudited 2021
	£	£
Profit on ordinary activities before tax	150,047	724,065
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	28,509	137,572
Effects of:		
Disallowed expenses and non-taxable income	1,718	5,403
Adjustments in respect of previous years	(14,870)	63,986
Impact of change in rate	(892)	(516)
Other reliefs	–	(136,498)
Total tax charge for the year	14,465	69,947

PETROLVALVES (G.B.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 NOVEMBER 2022

9 Taxation (continued)

Factors that may affect future tax charges

Changes to UK corporation tax rates were substantively enacted by the Finance Bill 2021 (on 24 May 2021). These included an increase in the corporation tax rate from 19% to 25% from 1 April 2023. Deferred tax balances have been remeasured accordingly where appropriate.

10 Tangible fixed assets

	Fixtures and fittings £
Cost or valuation	
At 1 December 2021 and at 30 November 2022	401,780
Depreciation	
At 1 December 2021	396,681
Charge for the year	2,801
At 30 November 2022	399,482
Net book value	
At 30 November 2022	2,298
At 30 November 2021	5,099

11 Fixed asset investments

	Investments in associate companies £
Cost or valuation	
At 1 December 2021	974
Disposals	(974)
At 30 November 2022	—

Following the dissolution of Petrolvalves Brazil on 31 August 2022, the company disposed of its 1% shareholding in Petrolvalves Brazil, for £Nil consideration. This investment was held at cost value and as such a loss has been recognised on the disposal through the statement of comprehensive income.

PETROLVALVES (G.B.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 NOVEMBER 2022

12 Debtors: amounts falling due within one year

	2022 £	Unaudited 2021 £
Amounts falling due after more than one year		
Deferred taxation (note 14)	2,503	–
Amounts falling due within one year		
Trade debtors	–	5,368,409
Amounts owed by group undertakings	6,803,742	1,887,566
Loans owed by group undertakings	605,220	–
Corporation tax	272,108	282,286
Other debtors	25,359	14,932
Prepayments and accrued income	191,720	1,662,378
Deferred taxation (note 14)	3,358	2,148
	7,901,507	9,217,719
	7,904,010	9,217,719

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

Loans due from group undertakings are unsecured, bear interest of 3.5% and have a repayment date of 31 August 2024.

13 Creditors: amounts falling due within one year

	2022 £	Unaudited 2021 £
Trade creditors	42,716	1,169,489
Other taxation and social security	13,417	14,567
Other creditors	181	8,968
Accruals and deferred income	18,559	1,316,472
	74,873	2,509,496

PETROLVALVES (G.B.) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 NOVEMBER 2022

14 Deferred taxation

	2022	Unaudited 2021
	£	£
At beginning of year	2,148	2,246
Charged/(credited) to the statement of income and retained earnings	3,713	(98)
At end of year	5,861	2,148

The deferred tax asset is made up as follows:

	2022	Unaudited 2021
	£	£
Fixed asset timing differences	2,503	2,148
Short term timing differences	3,358	–
	5,861	2,148

15 Share capital

	2022	Unaudited 2021
	£	£
Allotted, called up and fully paid		
20,000 (2021: 20,000) Ordinary shares of £1 each	20,000	20,000

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company and have attached to them full voting, dividend and capital distribution rights.

16 Pension commitments

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £14,984 (2021: £21,524).

There were no outstanding pension contributions payable to the scheme at the end of the year (2021: £nil).

PETROLVALVES (G.B.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 NOVEMBER 2022

17 Commitments under operating leases

At 30 November 2022, the Company had future minimum lease payments due under non-cancelable operating leases for each of the following periods:

	2022	Unaudited 2021 (as restated)
	£	£
Not later than 1 year	55,000	55,000
Later than 2 years and not later than 5 years	114,973	169,973
	169,973	224,973

The prior year amounts have been restated due to an error in the prior year calculation.

18 Dividends

No dividends were paid during the year (2021: £nil).

19 Contingent liabilities

In 2010, the company entered into an agreement with a third party in respect of any present and future credit balances owed.

Credit balances are secured by way of a fixed and floating charge over the assets of this company for any credit balances and monies owed by the company to the third party either now or hereafter. The directors do not anticipate the security being called in.

20 Related party transactions

The Company has taken advantage of the exemption under FRS 102 Section 33 "Related Party Transactions" from disclosing transactions with its fellow group companies where 100% of the voting rights are contained within the group.

21 Controlling party

The Company's immediate parent is Petrolvalves S.p.A. a Company incorporated in Italy.

The ultimate parent company is TBG Holdings (Energy) B.V., a Company incorporated in Netherlands.

Petrolvalves S.p.A. is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Petrolvalves S.p.A. can be obtained from Viale Luigi Majno, 17/A, 20122 Milan, Italy.