

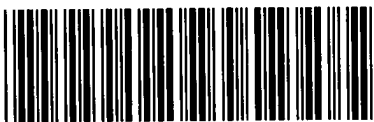
**NEWBURY INVESTMENTS (UK)
LIMITED AND ITS SUBSIDIARY
UNDERTAKINGS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2021

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Company no. 02533036

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

FINANCIAL STATEMENTS

For the year ended 31 December 2021

Company registration number: 02533036 (Incorporated in England)

Registered office: Votec House
Hambridge Lane
Newbury
Berkshire
RG14 5TN

Directors: R W Colburn
C C Grigor
N J Palmer
S Westbrook

Secretary: L Yu

Independent auditor: Fiander Tovell Limited
Stag Gates House
63/64 The Avenue
Southampton
Hampshire
SO17 1XS

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

FINANCIAL STATEMENTS

For the year ended 31 December 2021

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NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

STRATEGIC REPORT

For the year ended 31 December 2021

The directors present their Strategic Report for the year ended 31 December 2021.

Principal activity

The principal activity of the group is the distribution of electrical, DIY, plumbing and heating, garden and security products. The principal activity of the company is as an investment company.

Business review and financial key performance indicators

The principal objective of the group continues to be the delivery of sustainable, responsible and profitable business growth through a strategy of optimum use of the group's expertise in products and by supporting the requirements of our customers and suppliers.

Performance Review

The group's main markets during 2021 have shown signs of improvement consistent with the general economic situation in the UK. The group continued to respond strongly to opportunities, ending the year in a sound position and being well placed to meet the challenges of the year ahead. The directors expect the group to continue to trade profitably.

The key aspects of performance of the group's main trading subsidiaries were:

Decco Limited

Sales increased by 6.1% during the year from £122.9m to £130.4m largely as a result of recovery from the Covid-19 pandemic and through organic growth across our range of products that benefitted from favourable weather and market conditions. The business worked closely with our customers and suppliers to maximise the opportunities available during peak periods of trading by anticipating demand and putting in place contingency measures to ensure minimum disruption to supply for certain gardening products that had shown higher than expected demand. The business also invested in contingency stock to ensure that it maintained a high level of service and fulfilment rate to its customers.

Despite the increase in sales, the business remained focussed on operating costs and cost containment. This meant that the impact of operating costs that are related to the levels of business activity were minimised with total operating costs increasing from £116.2m to £123.4m and operating profit increasing from £6.7m to £7.1m.

Deta Electrical Company Limited

Turnover increased by 20.0% from £48.0m to £57.5m largely as a result of recovery from the Covid-19 pandemic and organic growth. The company has continued to successfully build upon its strategy and position of being a market leading manufacturer of specification product, to generate revenue from existing specification contracts and its competitive offering continues to be the selection of choice for many developers, winning the company further new contracts.

Total operating costs increased from £42.5m to £48.6m and operating profit increased from £5.5m to £8.9m which is consistent with the increase in business activity in the year. The business has an exposure to exchange rate volatility and despite the challenges faced during the year, a focus on cost containment and by working closely with our customers and suppliers to plan more efficiently around our buying pattern and volumes has helped to minimise the impact this had on our performance.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

STRATEGIC REPORT

For the year ended 31 December 2021

Performance Review (continued)

Norbain Holdings Limited

Sales in the year increased by 4.3% from £106.1m to £110.7m largely as a result of recovery from the Covid-19 pandemic and through organic growth. The business continues to focus on providing high quality service to our customers and maximising opportunities in the market.

Total operating costs increased from £101.1m to £103.8m and operating profit increased from £5.0m to £6.9m, which is consistent with the increase in business activity in the year.

Primaflow Limited

Sales in the year increased by 17.7% from £301.4m to £354.7m largely as a result of recovery from the Covid-19 pandemic and organic growth, the business continued to focus on providing high quality service to our customers and maximising opportunities in the market.

Total operating costs for the business increased from £290.0m to £341.8m and operating profit increased from £11.4m to £12.9m which is consistent with the increase in business activity in the year.

Ryness Electrical Supplies Limited

Turnover increased by 3.7% from £8.1m to £8.4m largely as a result of recovery from the Covid-19 pandemic and organic growth from the company's wholesale locations, and these remain a significant element of the business' focus going forward.

Total operating costs decreased from £10.1m to £8.8m and the operating loss decreased from £2.0m to £0.4m due to continued cost reduction measures and synergies realised through consolidation of operations, of which the impact on the results is expected to continue in the future years.

Stearn Electric Company Limited

The increase in sales of 13.8% from £176.0m to £200.2m largely as a result of recovery from the Covid-19 pandemic and organic growth. The business worked closely with our customers and suppliers to maximise the available opportunities in the market. In addition to this, the business remains affected by sales of temperature control products that benefit from more extreme weather which the business has benefitted from.

Despite the increase in sales, the business remained focussed on operating costs and cost containment. This meant that the impact of operating costs that are related to the levels of business activity were minimised with total operating costs increasing from £162.9m to £183.5m and operating profit increasing from £13.1m to £16.8m.

UK Cables Limited

Sales in the year increased by 38.9% from £36.0m to £50.0m largely as a result of recovery from the Covid-19 pandemic, synergies achieved through the completion of certain infrastructure projects that completed in 2021 and the impact of volatility in copper prices.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

STRATEGIC REPORT

For the year ended 31 December 2021

Performance Review (continued)

UK Cables Limited (continued)

Total operating costs increased from £34.7m to £46.1m and operating profit increased from £1.3m to £3.9m which is consistent with the increase in business activity in the year. The business has an exposure to copper price volatility and despite the challenges faced during the year, a focus on cost containment and by working closely with our customers and suppliers to plan more efficiently around our buying pattern and volumes has helped to minimise the impact this had on our performance.

UK Electric Limited

Sales in the year increased by 9.6% from £77.9m to £85.4m. Largely as a result of recovery from the Covid-19 pandemic and through organic growth. The business worked closely with our customers and suppliers to maximise the available opportunities in the market.

Despite the increase in sales, the business remained focussed on operating costs and cost containment. This meant that the impact of operating costs that are related to the levels of business activity were minimised with total operating costs increasing from £73.3m to £77.1m and operating profit increasing from £4.6m to £8.3m.

UK Test Instruments Limited

Sales during the year increased by 7.4% from £14.3m to £15.3m largely as a result of recovery from the Covid-19 pandemic and through organic growth. The business worked closely with our customers and suppliers, and focused on the more technical end of the market. The focus going forward remains on ensuring the business continues to provide a high quality level of service to our customers and suppliers, maintaining a high level of stock availability and expediency of services.

Total operating costs increased from £13.8m to £14.2m and operating profit increased from £0.4m to £1.1m, which is consistent with the increase in business activity in the year.

Key Performance Indicators

The directors use a number of measures, both financial and non-financial, to monitor and benchmark the performance of the group. They regard the following key financial indicators of performance.

Turnover increased during the year from £857.3m to £1,010.7m, a 17.9% increase. The increase was largely as a result of recovery from the Covid-19 pandemic and through organic growth. Total operating costs increased from £820.3m to £947.5m and operating profit increased from £37.1m to £63.2m. The increase in operating profit has been driven by factors specific to each of the group's trading subsidiaries which are outlined above.

Average employee numbers decreased from 1,927 to 1,756 during the year.

Net interest charge was £0.1m (2020: £0.1m charge).

The group's defined benefit pension scheme position at the end of the year was an unrecognised surplus of £21.4m (2020: £10.1m surplus). The movement is mainly a direct result of changes in the market conditions that have served to increase the pension scheme assets.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

STRATEGIC REPORT

For the year ended 31 December 2021

Key Performance Indicators (continued)

Net assets grew from £236.6m to £286.8m and net current assets increased from £225.1m to £277.7m mainly as a result of the profit after tax for the year.

Our net cash level at the year-end was £158.4m compared to £116.8m as at 31 December 2020.

The directors believe the group's businesses are all in a sound position at the year end. Despite uncertainty of inflationary increases on input prices and costs, the group continued to perform strongly and honoured all ongoing liabilities from cash reserves. The markets in which we operate have shown signs of some recovery, but uncertainty remains and therefore ongoing review of our cost base continues, as well as seeking out new markets and other opportunities including the realisation of the digital marketplace. The directors do not anticipate any major changes in the group's strategy for the year ahead but they remain vigilant for any significant impact to the market environment as a result of the pandemic and inflationary pressures. The directors believe the group's prospects are good.

S172(1) Statement

The board of directors of Newbury Investments (UK) Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a)-(f) of the Act) in the decisions taken during the year ended 31 December 2021.

Our key stakeholders are our employees, customers and suppliers, the community and environment. These are considered our key stakeholders as they have the most impact on the long-term success of our business.

Below are examples of how the Directors engage with key stakeholders:

Employees

As explained in the Report of the Directors, the involvement of employees is vital to our businesses and the directors keep them informed on matters affecting them as employees and the various factors affecting the performance of the Group. Employee representatives are consulted regularly on a range of matters concerning their interests. The directors also maintain an open-door policy and all employees are encouraged to bring forward their views on all aspects of the Group. The directors consider the above to be effective as it provides a platform for a two-way communication where concerns and ideas can be passed upward where necessary, so that the business can take advantage of opportunities quickly. This also enables key decisions to be taken with the benefit of local feedback.

Customers and Suppliers

The directors place considerable value on the engagement of customers and suppliers in making decisions taking on board their views and insights through regular dialogue and meetings. We operate on a multi-branch business basis with a high level of decentralisation backed up by strong controls and a reward structure that is based on local performance and individual contribution. Our strategy is to provide the highest possible service to customers. The ability of our branch managers to determine all aspects of their business ensures they are strongly focused on providing the best service to their customers, supporting our key suppliers to get their products to market and employing, retaining and rewarding a high-quality team. We also host customer and supplier events at local and national level, including training for both customers and staff. We work together with our customers and suppliers for the mutual success of our respective businesses. The above aids the achievement of our key performance indicators because by supporting our customers and suppliers' efforts to bring products to market at fair prices, with rigorous quality control and high levels of availability, we ensure that we maximise the opportunities we have for our mutual interests whilst observing our mutual responsibilities to the wider community and environment.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

STRATEGIC REPORT

For the year ended 31 December 2021

S172(1) Statement (continued)

Customers and Suppliers (continued)

The success of the above is measured using our key performance indicators of turnover and operating income. These key performance indicators, together with customer and supplier feedback were useful early warning indicators that helped the business identify the issues noted in the business review and appropriate action, such as focus on cost reduction, were taken which helped minimise the impact of variable market conditions and allow us to take advantage of seasonal variations.

Community and Environment

In formulating our plan, we took into account the impact of the Group's operations on the community and environment, our wider social responsibilities, and in particular how we comply with legislation and react promptly to local community concerns such as giving staff time-off to perform voluntary activities to help local charitable causes.

As the board of directors, our intention is to behave responsibly and ensure that the management team operate our businesses in a responsible manner, operating within the high standards of business conduct and good governance expected for a group such as ours and in doing so, will contribute to long term success of our Group.

This is achieved through training, management having regular dialogue with our teams and monitoring through our internal audit function. The intention is to nurture our reputation, through our actions, that reflects our responsible behaviour.

The regular engagement by the directors with all stakeholders such as those described above enables the directors to enhance their awareness of the market, improve decision making and promote the long-term success of the Group more effectively and observe the principles of s172.

Principal risks and uncertainties

The directors are responsible for the Group's risk management procedure and monitor and identify any emerging risks facing the business. The directors recognise that they are ultimately responsible for the actions that are taken and reserve certain key decisions, such as senior appointments, funding of operations and acquisitions.

The directors work with the operational management team to ensure that risks are identified and appropriately managed in accordance with defined policies and procedures, and that there are clear responsibilities for this. There is an active programme of internal audit which monitors compliance with our standard practice instructions.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

STRATEGIC REPORT

For the year ended 31 December 2021

Principal risks and uncertainties (continued)

The main risks and uncertainties facing the group can be summarised as:

- **Changes in the economic environment**

Contingency plans are used for recession or rapid downturn of our core market. Our key performance indicators act as early warning signals; and focuses on risks affecting our level of business, overheads and working capital.

- **Product demand and obsolescence**

Working closely with and taking into account feedback from our customers, suppliers and colleagues means we are best placed to understand and react according to sudden changes in product demand and technological development. An example was early indication of potential supply shortage due to higher than expected demand which meant we were able to review our stock levels early on and take on contingency levels of stock.

- **Competitor action**

We work closely with our customers and suppliers for the mutual success of our respective businesses and build strong relationships with these key stakeholders. The feedback from these key stakeholders and our key performance indicators help the directors to review the impact of key decisions and to reconsider them where it is appropriate to do so.

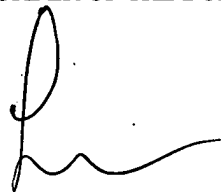
- **Credit risk**

Credit risk is described in the Report of the Directors.

The above are important as they individually and combined could have a significant impact on the operations, cashflow and performance of the group. The directors regularly review and agree policies for managing each of these risks. This is based on the steps described above and also through our understanding of the industry, regulation, working with our customers and suppliers and seek professional advice where appropriate. The directors' objective is to minimise the possibility of these risks impacting our group and to mitigate them wherever possible. These policies remain unchanged from previous years.

In addition to the above, the impact of inflationary increases and supply chain issues are areas of discussion. The directors are monitoring the impact of the inflationary increases to operations and the customer base. The directors have put in place contingency plans in order to cope with any interruptions. The group has long standing relationships with its key suppliers and work closely with the supply chain to ensure minimal adverse impact on operations in the event of unexpected situations occurring.

BY ORDER OF THE BOARD



23/09/22

L Yu

Secretary

Company registration: 02533036

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

REPORT OF THE DIRECTORS

For the year ended 31 December 2021

The directors present their report together with the financial statements for the year ended 31 December 2021.

Results and dividends

Group turnover for the year was £1,010.7m (2020: £857.3m). There was a group profit after taxation for the year amounting to £50.5m (2020: £28.5m).

The directors do not recommend payment of a dividend (2020: £nil).

Financial risk management objectives and policies

The group enters into certain contracts to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

The main risks arising from the group's financial instruments are market risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies remain unchanged from previous years.

Market risk

The group is exposed to foreign exchange risk on certain transactions. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge, the group does not adopt an accounting policy of hedge accounting for these financial statements. There were no hedging arrangements in place as at 31 December 2021 and 31 December 2020.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Credit risk

The group's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk, the directors set a policy of monitoring exposure with customers based on a combination of payment history and third-party credit references. Exposure levels are reviewed by senior management on a regular basis in conjunction with debt ageing and collection history.

Recruitment and employee relations

Recruitment policies are designed to ensure equal opportunity of employment regardless of age, race or sex. Appropriate consideration is given to disabled applicants in offering employment.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

REPORT OF THE DIRECTORS

For the year ended 31 December 2021

Recruitment and employee relations (continued)

The group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the group. Employee representatives are consulted regularly on a range of matters affecting their interests.

Business relationships

The S172(1) statement in the strategic report provides details of how the directors have had regard to the need to foster business relationships with suppliers, customer and other stakeholders during the year.

Future developments

An indication of future developments of the business is included in the strategic report.

Environmental policies

We continue to review our environmental policies and seek at all times to meet our legal obligations in this regard.

Energy and carbon report

<i>Energy Consumption</i>	2021 MWh	2020 MWh
Aggregate of energy consumption in the year		
- Gas purchased	4,411	3,666
- Fuel consumed for transport	3,188	3,644
- Electricity purchased	6,595	7,221
- Fuel consumed for transport not owned by the company	204	177
	<u>14,398</u>	<u>14,708</u>
<i>Emissions of CO2 equivalent</i>	Metric tonnes	Metric tonnes
<i>Scope 1 - direct emissions</i>		
- Gas combustion	826	694
- Fuel consumed for owned transport	5,311	6,424
	<u>6,137</u>	<u>7,118</u>
<i>Scope 2 - indirect emissions</i>		
-Electricity purchased	1,400	1,684
<i>Scope 3 - other indirect emissions</i>		
-Fuel consumed for transport not owned by the company	50	43
Total gross emissions	<u>7,587</u>	<u>8,845</u>
Intensity ratio Tonnes CO2e per employee	<u>4.32</u>	<u>4.59</u>

Quantification and reporting methodology

The directors have included the energy usage of all of the Group's fixed trading establishments along with the fuel usage for all company vehicles in the year. The directors have used available guidance and the DEFRA conversion factors.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

REPORT OF THE DIRECTORS

For the year ended 31 December 2021

Energy and carbon report (continued)

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per employee.

Measures taken to improve energy efficiency

Hybrid vehicles are becoming an increasingly popular choice as company cars among the group's employees. The installation of LED lighting throughout all of the UK sites is substantially complete. There has also been an increase in remote and virtual meetings that are a safer and more energy efficient alternative to face-to-face meetings.

Directors

The present membership of the Board, and listing of directors who served during the year, is set out below:

R W Colburn (USA)

C C Grigor (USA)

N J Palmer

S Westbrook

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Report of the Directors, 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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;
- 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.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

REPORT OF THE DIRECTORS

For the year ended 31 December 2021

Director's responsibilities statement (continued)

Provision of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole, and
- the Strategic Report and the Report of the Directors include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

BY ORDER OF THE BOARD



23/09/22

L Yu
Secretary
Company registration: 02533036

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWBURY INVESTMENTS (UK) LIMITED

Opinion

We have audited the financial statements of Newbury Investments (UK) Limited ('the parent company') and its subsidiaries ('the group') for the year ended 31 December 2021 which comprise the principal accounting policies, the consolidated income statement, the consolidated balance sheet, the company balance sheet, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's 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 opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 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 group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWBURY INVESTMENTS (UK) LIMITED (CONTINUED)

Other information (continued)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

Matters on which we are required to report by exception

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

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

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement (page 9 - 10), 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 group's and the parent 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWBURY INVESTMENTS (UK) LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, employment, environmental and health and safety legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management.

We assessed the susceptibility of the group's and the parent company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Audit response to risks identified

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships.
- tested journal entries to identify unusual transactions.
- tested a sample of BACS payments to identify payments being made to unexpected bank accounts.
- performed transactional testing on payroll costs in respect of those employees with responsibility or authority in connection with the payroll function.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWBURY INVESTMENTS (UK) LIMITED (CONTINUED)

Audit response to risks identified (continued)

- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation.
- enquiring of management as to actual and potential litigation and claims.
- reviewing correspondence with HMRC.

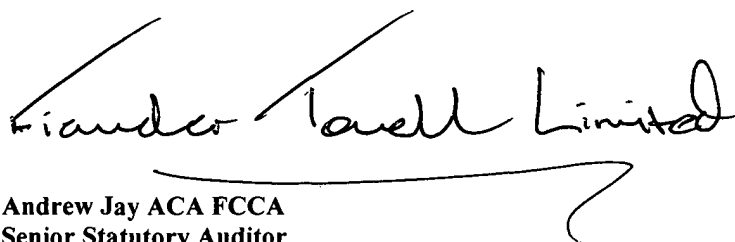
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the group's and parent 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 group's and parent 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 group's and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Jay ACA FCCA
Senior Statutory Auditor
For and on behalf of Fiander Tovell Limited
Statutory Auditor, Chartered Accountants
Southampton

Date: 23 September 2022

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**CONSOLIDATED INCOME STATEMENT**

For the year ended 31 December 2021

	Note	2021 £000s	2020 £000s
Turnover	2	1,010,660	857,343
Operating profit	3	63,153	37,058
Interest receivable and similar income	4	11	66
Interest payable and similar charges	5	(81)	(115)
Other financial expense	27	(481)	(475)
Profit on ordinary activities before taxation		62,602	36,534
Taxation on profit on ordinary activities	8	(12,106)	(8,081)
Profit on ordinary activities after taxation		50,496	28,453

All results derive from continuing operations for both the current and prior year.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents for both the current and prior year.

The accompanying accounting policies and notes (pages 22–45) form an integral part of the financial statements.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2021

	Note	2021 £000s	2020 £000s
Profit for the financial year		50,496	28,453
Actuarial gain/(loss) relating to the pension schemes	27	10,776	(817)
Asset limit movement	27	(11,095)	792
Deferred taxation movement on pension schemes	18	-	-
Total comprehensive income for the year		50,177	28,428

The accompanying accounting policies and notes (pages 22–45) form an integral part of the financial statements.

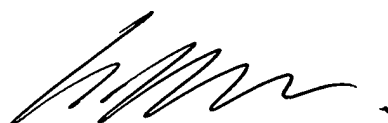
NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2021

Company No. 02533036

	Note	2021 £000s	2020 £000s
Fixed assets			
Intangible assets	10	1,799	3,538
Tangible assets	11	13,442	15,563
		<u>15,241</u>	<u>19,101</u>
Current assets			
Stocks	13	135,519	110,137
Debtors	14	205,443	181,075
Cash at bank		158,434	116,811
		<u>499,396</u>	<u>408,023</u>
Creditors: Amounts falling due within one year	15	<u>(221,722)</u>	<u>(182,905)</u>
Net current assets		<u>277,674</u>	<u>225,118</u>
Total assets less current liabilities		292,915	244,219
Creditors: Amounts falling due after more than one year	16	(1,047)	(1,613)
Provisions for liabilities and charges	19	<u>(5,095)</u>	<u>(6,010)</u>
Net assets excluding pension asset		286,773	236,596
Pension asset	27	<u>-</u>	<u>-</u>
Net assets including pension asset		<u>286,773</u>	<u>236,596</u>
Capital and reserves			
Called-up share capital		1	1
Other reserves	21	5,200	5,200
Profit and loss account		<u>281,572</u>	<u>231,395</u>
Total shareholders' funds		<u>286,773</u>	<u>236,596</u>

The financial statements on pages 15 to 45 were approved and authorised for issue by the board of directors on 23 September 2022 and signed on their behalf by:



S Westbrook
Director

The accompanying accounting policies and notes (pages 22–45) form an integral part of the financial statements.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

COMPANY BALANCE SHEET AT 31 DECEMBER 2021

Company No. 02533036

	Note	2021 £000s	2020 £000s
Fixed assets			
Tangible assets	11	213	294
Investments	12	<u>162,412</u>	<u>162,412</u>
		162,625	162,706
Current assets			
Debtors due within one year	14	6,607	3,312
Cash at bank		<u>16,018</u>	<u>16,011</u>
		22,625	19,323
Creditors: Amounts falling due within one year	15	<u>(145,898)</u>	<u>(142,084)</u>
Net current liabilities		<u>(123,273)</u>	<u>(122,761)</u>
Total assets less current liabilities		39,352	39,945
Creditors: Amounts falling due after more than one year	16	(40)	(28)
Provisions for liabilities and charges	19	<u>(65)</u>	<u>(63)</u>
Net assets		<u>39,247</u>	<u>39,854</u>
Capital and reserves			
Called-up share capital		1	1
Profit and loss account		<u>39,246</u>	<u>39,853</u>
Shareholders' funds		<u>39,247</u>	<u>39,854</u>

The company's loss after tax for the financial year was £607,000 (2020: £19,375,000 profit).

The financial statements on pages 15 to 45 were approved and authorised for issue by the board of directors on 23 September 2022 and signed on their behalf by:



S Westbrook
Director

The accompanying accounting policies and notes (pages 22–45) form an integral part of the financial statements.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2021

	Called- up share capital £000s	Other reserves £000s	Profit and loss account £000s	Total £000s
At 1 January 2020	1	5,200	202,967	208,168
Profit for the year	-	-	28,453	28,453
Total comprehensive income/(loss) for the year	-	-	(25)	(25)
At 31 December 2020	1	5,200	231,395	236,596
Profit for the year	-	-	50,496	50,496
Total comprehensive income/(loss) for the year	-	-	(319)	(319)
At 31 December 2021	1	5,200	281,572	286,773

The accompanying accounting policies and notes (pages 22–45) form an integral part of the financial statements.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**COMPANY STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2021

	Called-up share capital £000s	Profit and loss account £000s	Total £000s
At 1 January 2020	1	20,478	20,479
Profit for the year	-	19,375	19,375
At 31 December 2020	1	39,853	39,854
Loss for the year	-	(607)	(607)
At 31 December 2021	1	39,246	39,247

The accompanying accounting policies and notes (pages 22–45) form an integral part of the financial statements.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	2021 £000s	2020 £000s
Net cash inflow from operating activities	22	44,534	63,384
Investing activities			
Interest received	4	11	66
Purchase of tangible fixed assets		(2,001)	(4,474)
Sale of tangible fixed assets		658	1,839
Amounts paid in respect of current year acquisitions		-	(51,361)
Net cash acquired with subsidiary		-	(77)
Net cash used in investing activities		(1,332)	(54,007)
Financing activities			
Interest paid	5	-	(1)
Interest on finance leases	5	(81)	(114)
Repayment of finance leases		(1,498)	(1,692)
Net cash used in financing activities		(1,579)	(1,807)
Increase in cash and cash equivalents		41,623	7,570
Reconciliation of cash and cash equivalents			
Cash at beginning of the year		116,811	109,241
Short term deposits at end of the year		-	-
Increase in cash and cash equivalents during the year		41,623	7,570
Cash and cash equivalents at end of the year		158,434	116,811

The accompanying accounting policies and notes (pages 22–45) form an integral part of the financial statements.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1 ACCOUNTING POLICIES

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with applicable accounting standards in the United Kingdom and the Companies Act 2006.

The principal accounting policies are set out below. The preparation of financial statements in compliance with Financial Reporting Standard 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the group's accounting policies. All figures have been rounded to the nearest one thousand pounds sterling (£1,000).

Basis of consolidation

The consolidated financial statements include the financial statements of the parent company and its subsidiaries made up to the end of the financial year. Profits and losses on intra group transactions are eliminated in full.

In the group financial statements, the acquisition method is adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are consolidated for the periods from or to the date on which control passed. Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised and amortised over its expected useful life, being not more than 10 years. The economic life is assessed on an individual basis. Provision is made for impairment. Negative goodwill is written back to the profit and loss account to match the recovery of the non-monetary assets acquired.

Company Cashflow statement

The company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Cashflow statement and related notes in these financial statements.

Going concern

The financial statements have been prepared on the going concern basis as the directors have undertaken a review of the future financing requirements for the on-going operation of the company and wider group and are satisfied that sufficient cash facilities are secured, in respect of positive cashflows from operations, to meet its working capital requirements for at least 12 months from the date of signing of these financial statements. The directors accordingly consider it appropriate for the financial statements to be prepared on a going concern basis.

Fixed asset investments

Fixed asset investments are shown at cost less any amounts written off. Provisions are made for any impairment. Only dividends received and receivable are credited to the company's income statement.

Tangible fixed assets

All assets are initially measured at cost. Cost comprises the initial purchase price plus, where material, any further directly attributable costs in making the asset available for use. In the case of assets held for leasing, any costs incurred subsequent to the asset becoming available for hire, including the costs of delivery of assets to and installation of assets at customer locations, are expensed as incurred.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Tangible fixed asset depreciation

Depreciation is calculated so as to write off the cost of an asset other than freehold land, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold and long leasehold land and buildings – 50 years straight line
Plant and equipment – 4-10 years straight line
Motor vehicles – 4 years straight line
Office and computer equipment – 4 years straight line
Rental assets – over the life of the lease straight line
Leasehold improvements – over the lower of the life of the lease or 5 years straight line.

Where the split of cost between freehold land and buildings can be reliably calculated, the freehold land element is held at historic cost and is not depreciated.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within “other operating income” in the income statement.

Impairment review is carried out annually and where required, impairment is recognised within “other operating income” in the income statement.

Intangible assets

Intangible assets consist mainly of goodwill arising on consolidation. Goodwill arising on consolidation represents the excess of the fair value of the cost of acquisition over the fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised and amortised on a straight-line basis over its estimated useful economic life of between 2 and 10 years from the date of acquisition.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete, slow moving and defective items where appropriate. Cost is determined on a first-in, first-out (FIFO) basis which includes the purchase price together with all direct attributable costs and income to bring inventory to its present location and condition.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Bank cross guarantee

The fair value of a financial guarantee contract is calculated as the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee.

Turnover

The turnover shown in the income statement represents amounts in respect of the group's distribution, installation and lease rental businesses.

Turnover in respect of the distribution and installation businesses represents amounts invoiced during the year, exclusive of value added tax. Turnover is recognised when the risk and rewards of ownership of stock are transferred to the customer. For the distribution business, this occurs when the stock is delivered to the customer or is collected by them from the point of sale. As such, invoices are raised on delivery or collection and recognised immediately. For the installation business, turnover is recognised when the goods have been delivered and installed.

Invoices for the initial period of a lease rental are raised once the asset has been delivered to and installed at the customer's location. Invoices are raised for subsequent periods upon or approaching expiration of the preceding period. All operating lease invoicing, exclusive of value added tax, is immediately deferred in full. This income is then recognised on a straight line basis over the period to which the invoice relates.

Pension costs

Defined benefit pension costs

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 'fair value hierarchy' and in accordance with the group's policy for similarly held assets. This includes the use of appropriate valuation techniques. See note 27.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Actuarial gains and losses'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the income statement as an 'Other financial expense'.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Pension costs (continued)

A surplus of scheme assets may be recognised to the extent it is recoverable through reduced employer contribution in the future or through a refund. The excess will not be recognisable until such time the scheme is fully wound up. Therefore, the directors do not consider it appropriate to recognise an asset and an asset limit adjustment is applied to restrict the balance to zero.

Defined contribution pension scheme

The group operates defined contribution schemes for employees. The assets of the schemes are held separately from those of the group in independently administered funds. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Current and deferred taxation

The tax expense for the year comprises of current and deferred tax. Tax is recognised in the income statement, except that a change 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 and the group operate and generate income. Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by reporting date.

Finance lease agreements

Rentals applicable to finance leases, where substantially all of the benefits and risks of ownership transfer to the lessee, are capitalised and depreciated over the period of the lease.

Operating lease agreements

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

Government grants

Government grants relate to claims made under the coronavirus job retention scheme and are recognised in the profit and loss account in the same period as the costs to which they relate.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Transactions and balances

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. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.

Functional and presentation currency

The group and company's functional and presentational currency is £GBP.

Financial instruments

Forward exchange contracts

Forward exchange contracts are used to manage currency fluctuations on stock purchasing in foreign currencies by entering into a forward exchange contract to match the future foreign currency commitment when due. Foreign exchange contracts and the amounts due are valued at the time when the contract is taken out. Due to the short term from entering into the contract to maturity, foreign exchange contracts are not revalued.

Financial liabilities and equity instruments

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the Balance Sheet. Finance costs and gains or losses relating to financial liabilities are included in the Income Statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Property dilapidations and onerous leases

Under certain operating leases for land and buildings, the group is obligated to make repairs of dilapidations to the leased property upon the expiry of the lease. The group charges amounts to profit and loss so that, by the end of the lease, a total provision is accrued that is estimated to be equal to the future costs of those dilapidation obligations. Where repairs are made part way through the lease that will reduce the estimated costs of dilapidation obligations at the expiry of the lease, the costs of those repairs are charged against the dilapidation provision.

Where leased properties are committed to be vacated, the group provides for the best estimate of the future unrecoverable costs of its obligations under those leases.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

Significant judgements and estimates (continued)

Stock provisioning

The group holds stock that is subject to changing industry demands. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of goods. See note 13 for the net carrying amount of the inventory and associated provision movement in the year.

Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision movement in the year.

Defined benefit pension scheme

The calculation of the deficit or surplus on the group's defined benefit pension schemes is based on a number of actuarial assumptions including discount rate, inflation rate and mortality rates, as disclosed in note 27. These assumptions are reviewed regularly by the Directors with the scheme actuary.

2 TURNOVER

The turnover is attributable to the principal activities of the group as described in the Report of the Directors. An analysis of turnover by geographical destination is given below:

	2021 £000s	2020 £000s
United Kingdom	1,002,813	845,080
Europe	6,326	8,838
Rest of world	1,521	3,425
	<u>1,010,660</u>	<u>857,343</u>

An analysis of turnover by activity is given below:

	2021 £000s	2020 £000s
Sales of stock	1,007,634	854,439
Calibration and repair of test equipment products	2,508	2,334
Rentals receivable under operating leases	518	557
Training	-	13
	<u>1,010,660</u>	<u>857,343</u>

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3 OPERATING PROFIT

Operating profit is stated after (charging)/crediting:

	2021 £000s	2020 £000s
Change in stocks of goods for resale	25,382	(8,654)
Purchase of raw materials and consumables	(829,096)	(682,439)
Exchange differences	(2,584)	2,513
Other external charges	(20,509)	(18,498)
Staff costs (see note 6)	(88,445)	(81,954)
Government grants	160	5,644
Depreciation of tangible fixed assets	(3,219)	(3,271)
Depreciation of fixed assets on hire purchase or finance leases	(1,295)	(1,443)
Amortisation of intangible fixed assets (see note 10)	(1,739)	(3,689)
Advertising	(1,580)	(1,632)
Property operating expenses	(15,211)	(17,761)
Other operating charges	(9,371)	(9,101)
	<u>(947,507)</u>	<u>(820,285)</u>

Other operating charges include but are not limited to stationery, general insurances, computer consumables and group recharges.

Operating profit is stated after (charging)/crediting:

	2021 £000s	2020 £000s
Auditor's remuneration		
- in respect of the audit of Newbury Investments (UK) Limited	(17)	(8)
- in respect of the audit of the group	(142)	(330)
- in respect of the audit of pension schemes	(33)	(17)
- in respect of other services relating to taxation	(29)	(44)
- in respect of other professional service fees	(3)	(87)
Profit on sale of fixed assets	399	247
Operating lease rentals		
- Plant and machinery	(678)	(1,342)
- Other	(9,315)	(10,047)

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £000s	2020 £000s
Bank interest receivable	10	63
Other similar income receivable	1	3
	<u>11</u>	<u>66</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2021 £000s	2020 £000s
Interest on finance leases	81	114
Other similar charges payable	-	1
	<u>81</u>	<u>115</u>

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

6 EMPLOYEES

The average number of staff employed by the group and company during the financial year amounted to:

	Group 2021 No	Group 2020 No	Company 2021 No	Company 2020 No
Administration	559	685	82	82
Sales and distribution	1,197	1,242	-	-
	<u>1,756</u>	<u>1,927</u>	<u>82</u>	<u>82</u>

The aggregate payroll costs of the above were:

	Group 2021 £000s	Group 2020 £000s	Company 2021 £000s	Company 2020 £000s
Wages and salaries	75,911	70,003	2,431	2,285
Social security costs	7,700	6,756	260	248
Other pension costs (see note 27)	4,834	5,195	386	381
	<u>88,445</u>	<u>81,954</u>	<u>3,077</u>	<u>2,914</u>

7 DIRECTORS

Remuneration in respect of directors was as follows:

	2021 £000s	2020 £000s
Emoluments receivable	1,338	1,140
Value of company pension contributions to defined contribution scheme	-	-
	<u>1,338</u>	<u>1,140</u>

No director (2020: nil) had benefits accruing under a defined contribution pension scheme.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2021 £000s	2020 £000s
Emoluments receivable	<u>912</u>	<u>742</u>

There was no accrued pension entitlement under the defined benefit scheme of the highest paid director as at the 31 December 2021 (2020: £nil).

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

7 DIRECTORS (CONTINUED)

KEY MANAGEMENT PERSONNEL

All directors and certain senior management personnel who have authority and responsibility for planning, directing and controlling activities of the company and the group are considered to be key management personnel.

Remuneration in respect of key management personnel was as follows:

	2021 £000s	2020 £000s
Emoluments receivable	4,983	3,664
Value of company pension contributions to defined contribution scheme	65	75
	<u>5,048</u>	<u>3,739</u>

8 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2021 £000s	2020 £000s
Current tax:		
UK corporation tax at 19% (2020: 19%)	12,354	7,832
Adjustment in respect of prior periods	32	(99)
Total current tax	<u>12,386</u>	<u>7,733</u>
Deferred Tax:		
Origination and reversal of timing differences	232	223
Adjustment in respect of prior periods	(37)	125
Adjustment for change in future corporation tax rate	<u>(475)</u>	<u>-</u>
Total deferred tax	<u>(280)</u>	<u>348</u>
Tax on profit on ordinary activities	<u>12,106</u>	<u>8,081</u>

TAX INCLUDED IN OTHER COMPREHENSIVE INCOME

	2021 £000s	2020 £000s
Deferred tax:		
Origination and reversal of timing differences	-	-
Total tax movement included in other comprehensive income	<u>-</u>	<u>-</u>

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

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8 TAXATION ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

RECONCILIATION OF TAX CHARGE

The tax assessed on the profit on ordinary activities for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £000s	2020 £000s
Profit on ordinary activities before taxation	<u>62,602</u>	<u>36,534</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	11,894	6,941
Effect of:		
Incomes not chargeable	-	(5)
Expenses not deductible for tax purposes	216	118
Depreciation in excess of capital allowances	(121)	(20)
Amortisation not deductible for tax purposes	319	603
Provision tax adjustment	42	200
Other timing differences	(276)	348
Adjustment in respect of prior periods	32	(99)
Timing differences in respect of pension scheme	<u>-</u>	<u>(5)</u>
Tax charge for the year	<u>12,106</u>	<u>8,081</u>

Factors affecting future tax charges

The main rate of UK corporation tax remained at 19% throughout 2021. In the 2021 Finance Bill, which was passed into law on 24 May 2021, it was announced that the Corporation Tax main rate would rise to 25% with effect from 1 April 2023.

9 PROFIT AND LOSS ACCOUNT

No profit and loss account is presented for the company as permitted by section 408 of the Companies Act 2006. The company's loss after tax for the financial year, determined in accordance with the Act, was £607,000 (2020: £19,375,000 profit).

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

10 INTANGIBLE FIXED ASSETS

Group

The company had no intangible fixed assets in the current or previous year.

	Goodwill
	£000s
Cost at 1 January 2021 and 31 December 2021	57,841
Amortisation	
At 1 January 2021	(54,303)
Charge for the year	(1,739)
At 31 December 2021	(56,042)
Net book value at 31 December 2021	1,799
Net book value at 31 December 2020	3,538

11 TANGIBLE FIXED ASSETS

Group

	Freehold and long leasehold £000s	Plant, equipment and motor vehicles £000s	Rental assets £000s	Office and computer equipment £000s	Leasehold Improvements £000s	Total £000s
Cost						
At 1 January 2021	1,988	19,611	1,363	5,966	9,279	38,207
Additions	-	1,873	108	436	235	2,652
Disposals	(140)	(2,160)	(149)	(517)	(324)	(3,290)
At 31 December 2021	1,848	19,324	1,322	5,885	9,190	37,569
Depreciation						
At 1 January 2021	417	11,722	965	4,606	4,934	22,644
Charge for the year	30	2,805	154	602	923	4,514
Disposals	(28)	(2,033)	(148)	(509)	(313)	(3,031)
At 31 December 2021	419	12,494	971	4,699	5,544	24,127
Net book value at 31 December 2021	1,429	6,830	351	1,186	3,646	13,442
Net book value at 31 December 2020	1,571	7,889	398	1,360	4,345	15,563

Freehold land amounting to £443,000 (2020: £443,000) has not been depreciated.

Included in the net book value of £13,442,000 is £2,156,000 (2020: £3,003,000) relating to motor vehicles purchased on finance lease and hire purchase. The depreciation charged in the year in respect of these assets amounted to £1,295,000 (2020: £1,443,000).

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

11 TANGIBLE FIXED ASSETS (CONTINUED)

Company

	Plant, equipment and motor vehicles £000s	Office and computer equipment £000s	Leasehold improvements £000s	Total £000s
Cost				
At 1 January 2021	316	310	575	1,201
Additions	50	42	-	92
Transfers In	19	-	-	19
Disposals	(46)	(12)	-	(58)
At 31 December 2021	339	340	575	1,254
Depreciation				
At 1 January 2021	243	251	413	907
Charge for the year	53	37	93	183
Transfers In	8	-	-	8
Disposals	(46)	(11)	-	(57)
At 31 December 2021	258	277	506	1,041
Net book value at 31 December 2021	81	63	69	213
Net book value at 31 December 2020	73	59	162	294

12 INVESTMENTS

Company

	Capital contributions £000s	Shares in subsidiary undertakings £000s	Total £000s
Cost and net book value at 31 December 2021	7,000	155,412	162,412
Cost and net book value at 31 December 2020	7,000	155,412	162,412

Subsidiary and associate undertakings

The company owns directly or indirectly the entire issued share capital of the companies listed below, all of which are incorporated in England and Wales and whose registered address is Votec House, Hambridge Lane, Newbury, Berkshire, RG14 5TN.

Name	Activities
Decco Limited	Distribution of garden and DIY equipment
Deta Electrical Company Limited	Distribution of electrical equipment
Norbain Holdings Limited	Distribution of electronic security devices
Primaflow Limited	Distribution of plumbing, heating and associated products

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

12 INVESTMENTS (CONTINUED)

Ry Ness Electrical Supplies Limited	Distribution of electrical equipment
Stearn Electric Company Limited	Distribution, leasing and installation of electrical equipment
UK Cables Limited	Distribution of electrical equipment
UK Electric Limited	Distribution of electrical equipment
UK Test Instruments Limited	Distribution and service of specialist test instruments
Decco Pension Trustees Limited* ¹	Pension Trustee Company
Newbury Investments DC Pension Trustees Limited	Pension Trustee Company
Stearn Electric Company Pension Trustees Limited	Pension Trustee Company
ABGO Equipment Sales Limited*	Dormant
Acute Sales Limited	Dormant
Acutest Test Instruments Specialists Limited	Dormant
AGA Spares Limited	Dormant
Assynia Limited * ²	Dormant
Auriga (Europe) Limited	Dormant
Beam Group Limited	Dormant
Blue Helix Limited	Dormant
Boiler Spares 2 Go Limited	Dormant
Capital Cables Limited*	Dormant
Certific8 Limited	Dormant
Channel Installations Limited * ³	Dormant
Channel Safety Systems Group Limited	Dormant
Channel Safety Systems Limited * ⁵	Dormant
CMS (Cable Management Supplies) plc	Dormant
Connections (AML) Limited * ⁴	Dormant
Davico Ties & Terminals Limited	Dormant
Decco Construction Supplies Limited	Dormant
Dunasfern Limited	Dormant
Dunasfern (Auriga) Limited	Dormant
Education Maintenance Services Limited*	Dormant
Electrical Bargain Stores Limited	Dormant
Electrical Trades Supply Limited*	Dormant
E.U.Fire and Security Limited	Dormant
European Lamp Group Limited	Dormant
Fyfe & McGrouther Limited*	Dormant
Gladpower Limited	Dormant
H Squared Electronics Limited	Dormant
H & V Controls Limited*	Dormant
Heat and Combustion Supplies Limited	Dormant
Homelec Limited	Dormant
H-TE Controls Limited	Dormant
IVAC Limited*	Dormant
JS Copsey Limited	Dormant
JPD Contracts Holdings Limited	Dormant
JPD Contracts (UK) Limited* ⁶	Dormant
K Supplies Holdings Limited* ¹	Dormant
K Supplies Limited* ¹	Dormant
Kirkby Components Limited*	Dormant
Norbain Distribution Limited	Dormant
Norbain Group Limited	Dormant
Norbain SD Limited	Dormant
Norbain Limited	Dormant
Parry Lighting Limited	Dormant
QVS Electrical Supplies Limited	Dormant
QVS Electrical Wholesale Limited	Dormant

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

12 INVESTMENTS (CONTINUED)

Ryness Holdings Limited	Dormant
Seachester Three Limited	Dormant
SMJ (UK) Limited	Dormant
Stuart & McIntosh Limited	Dormant
Takbro Limited	Dormant
Test 4 Less Limited	Dormant
The Electrical Crew Limited	Dormant
The Safety Crew Limited * ³	Dormant
UK Components Limited	Dormant
UK Drives Limited*	Dormant
UK Metering Limited	Dormant
UK Spares Limited*	Dormant
Vimark Limited	Dormant
Western Automation Limited*	Dormant
Your "Other" Warehouse Limited	Dormant

* By virtue of shares held in UK Electric Limited

*¹ By virtue of shares held in Decco Limited

*² By virtue of shares held in CMS (Cable Management Supplies) plc

*³ By virtue of shares held in Channel Safety Systems Group Limited

*⁴ By virtue of shares held in Primaflow Limited

*⁵ By virtue of shares held in Deta Electrical Company Limited

*⁶ By virtue of shares held in JPD Contracts Holding Limited

The directors consider the value of the investments to be supported by their underlying assets.

13 STOCKS

Group	2021 £000s	2020 £000s
Finished goods	135,519	110,137

An impairment charge of £200,000 (2020: £1,114,000 charge) was recognised in cost of sales during the year.

14 DEBTORS

	Group 2021 £000s	Company 2021 £000s	Group 2020 £000s	Company 2020 £000s
Amounts falling due within one year:				
Trade debtors	174,515	-	165,325	-
Amounts owed by subsidiary undertakings	-	4,259	-	1,317
Deferred tax (see note 18)	1,711	48	1,431	44
Corporation tax receivable	-	-	112	3
Other taxation	-	1,265	-	1,223
Other debtors	15,214	569	5,703	213
Prepayments and accrued income	14,003	466	8,504	512
	<u>205,443</u>	<u>6,607</u>	<u>181,075</u>	<u>3,312</u>

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

14 DEBTORS (CONTINUED)

The amounts owed by subsidiary undertakings are unsecured and bear interest at a rate of the NatWest Bank Plc base rate plus 1.5%.

An impairment charge of £336,000 (2020: £2,179,000 charge) was recognised within trade debtors.

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2021 £000s	Company 2021 £000s	Group 2020 £000s	Company 2020 £000s
Bank loans and overdrafts	-	13,482	-	14,941
Trade creditors	143,588	-	123,995	-
Amounts owed to subsidiary undertakings	-	131,930	-	126,556
Corporation tax payable	454	-	-	-
Other taxation and social security	5,390	-	4,310	-
Other creditors	9,823	132	8,277	229
Finance lease creditor	1,136	40	1,356	46
Accruals and deferred income	60,943	314	44,581	312
Pension contributions	388	-	386	-
	<u>221,722</u>	<u>145,898</u>	<u>182,905</u>	<u>142,084</u>

The amounts owed to subsidiary undertakings are unsecured and bear interest at a rate of the NatWest Bank Plc base rate plus 1.5%. The amounts owed under finance lease and hire purchase are secured by the leased assets.

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Certain plant and machinery and motor vehicles are held under finance lease arrangements. Finance lease liabilities are secured by the related assets held under finance leases. The lease agreements generally include fixed lease payments and a purchase option at the end of the lease term.

	Group 2021 £000s	Company 2021 £000s	Group 2020 £000s	Company 2020 £000s
Other creditors	60	-	-	-
Finance lease creditor	<u>987</u>	<u>40</u>	<u>1,613</u>	<u>28</u>
	<u>1,047</u>	<u>40</u>	<u>1,613</u>	<u>28</u>

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)

Finance leases

Future minimum payments under finance leases as follows:

	Group 2021 £000s	Company 2021 £000s	Group 2020 £000s	Company 2020 £000s
Within one year	1,183	42	1,430	48
Within two to five years	1,011	41	1,657	29
	<u>2,194</u>	<u>83</u>	<u>3,087</u>	<u>77</u>
Less: finance charges included above	(71)	(3)	(118)	(3)
	<u>2,123</u>	<u>80</u>	<u>2,969</u>	<u>74</u>

17 FINANCIAL INSTRUMENTS

Group

Financial Assets	2021 £000s	2020 £000s
Financial Assets that are debt instruments measured at amortised cost	<u>348,163</u>	<u>287,839</u>

Financial Liabilities	2021 £000s	2020 £000s
Financial Liabilities measured at amortised cost	<u>216,925</u>	<u>180,208</u>

Company

Financial Assets	2021 £000s	2020 £000s
Financial Assets that are debt instruments measured at amortised cost	<u>7,364</u>	<u>2,600</u>

Financial Liabilities	2021 £000s	2020 £000s
Financial Liabilities measured at amortised cost	<u>132,456</u>	<u>127,171</u>

Financial assets measured at amortised cost comprise net cash and cash equivalents, trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals, finance lease creditors, pension contributions and amounts owed to group undertakings.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

18 DEFERRED TAXATION

Group

The movement in the deferred taxation account during the year was:

	2021 £000s	2020 £000s
At the beginning of the year	1,431	1,779
Deferred tax asset acquired as part of business acquisition	-	(10)
Income statement movement arising during the year	(232)	(213)
Adjustment in respect of prior periods	37	(125)
Adjustment for change in future corporation tax rate	475	-
At the end of the year	<u>1,711</u>	<u>1,431</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2021 £000s	2020 £000s
Capital allowances and depreciation	762	884
Other timing differences	<u>949</u>	<u>547</u>
Total provision for deferred tax (excluding pension scheme)	1,711	1,431
Deferred tax asset on pension scheme	<u>-</u>	<u>-</u>
Total provision for deferred tax asset (including pension scheme)	<u>1,711</u>	<u>1,431</u>

Factors affecting future tax charges

At 31 December 2021 the group had trading losses of £nil (2020: £nil) and capital losses of £109,000 (2020: £109,000) available for future use. The group has not recognised any deferred tax asset in respect of any of the carried forward losses as it is not possible to reliably estimate what amounts may be used in the foreseeable future.

The main rate of UK corporation tax remained at 19% throughout 2021. In the 2021 Finance Bill, which was passed into law on 24 May 2021, it was announced that the Corporation Tax main rate would rise to 25% with effect from 1 April 2023.

Company

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2021 £000s	2020 £000s
Capital allowances and depreciation	<u>48</u>	<u>44</u>
Total provision for deferred tax (including pension scheme)	<u>48</u>	<u>44</u>

At 31 December 2021 the company had capital losses of £109,000 (2020: £109,000) available for future use. The company has not recognised any deferred tax asset in respect of this amount as the losses that may be used in the foreseeable future cannot be reliably estimated.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

19 PROVISIONS FOR LIABILITIES AND CHARGES

Group

	Warranty provision	Property dilapidations and onerous leases	Total
	£000s	£000s	£000s
At 1 January 2021	82	5,928	6,010
Income statement charge	-	1,020	1,020
Released	-	(438)	(438)
Utilised	(19)	(1,478)	(1,497)
At 31 December 2021	63	5,032	5,095

Company

	Property dilapidations and onerous leases £000s
At 1 January 2021	63
Income statement charge	2
At 31 December 2021	65

A provision has been made for the expected reinstatement costs for all leased properties as the best estimate of the future unrecoverable costs of vacated leased properties. The settlement timing of these obligations is dependent upon the remaining lease terms and whether any interim reinstatement activity takes place.

All own brand products supplied by the company are covered by warranty. Provision based on past experience has been made for the expected cost of warranty claims.

20 SHARE CAPITAL

	2021 £000s	2020 £000s
Authorised share capital		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>
Allotted, called-up and fully paid		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

21 OTHER RESERVES

The balance of £5,200,000 (2020: £5,200,000) relates to the merger reserve arising on acquisitions.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

22 NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of profit to net cash inflow from operating activities

	2021 £000s	2020 £000s
Group profit after tax	50,496	28,453
Adjustments to reconcile profit for the year to net cash flow from operating activities		
Depreciation charge (note 3)	4,514	4,714
Amortisation charge (note 3)	1,739	3,689
Net interest expense	551	524
Taxation	12,106	8,081
Profit on sale of tangible fixed assets (note 3)	(399)	(248)
(Increase)/Decrease in stocks	(25,382)	8,654
(Increase)/Decrease in debtors	(24,200)	9,442
Increase/(Decrease) in creditors	38,643	9,575
Increase/(Decrease) in provisions	(915)	1,544
Net movement in pension schemes	(800)	(500)
Cash from operations	5,857	45,475
UK corporation tax paid	(11,819)	(10,544)
Cash from operations after tax payment	(5,962)	34,931
Net cash inflow from operating activities	44,534	63,384

Analysis of changes in the net funds

	2020 £000s	Cash flow £000s	Non cash flows £000s	2021 £000s
Cash at bank and in hand	116,811	41,623	-	158,434
Finance leases	(2,969)	1,498	(652)	(2,123)
	113,842	43,121	(652)	156,311

23 CAPITAL COMMITMENTS

The group had £3,990,000 of capital commitments at 31 December 2021 (2020: £1,475,000) in respect of capital projects entered into but had not yet completed as at the year end.

The company had £140,000 of capital commitments at 31 December 2021 (2020: £27,000). All capital commitments related to property, plant and equipment.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

24 CONTINGENT LIABILITIES

BANK CROSS GUARANTEE

There is an unlimited cross guarantee between the company, Decco Limited, Deta Electrical Company Limited, Norbain Holdings Limited, Primaflow Limited, Ryness Electrical Supplies Limited, Stearn Electric Company Limited, UK Cables Limited, UK Electric Limited, and UK Test Instruments Limited in favour of NatWest Bank Plc. The obligation under this guarantee at 31 December 2021 was £nil (2020: £nil).

CONTINGENT CHARGE

Upon closing the defined benefit pension scheme to future accrual, the principal employers of the scheme came to an agreement with the Trustees to register a contingent charge over assets to protect members in the unlikely event of insolvency. This contingent charge will therefore only become non-contingent if the company becomes insolvent.

As at the date of signing these financial statements the directors consider the possibility of the charge becoming non-contingent as being remote. The obligation under this contingent charge, as at the date of signing of these financial statements is £nil (2020: £nil). The maximum amount recoverable under this charge is limited to £3,250,000 (2020: £3,250,000).

There were no other contingent liabilities at 31 December 2021 or at 31 December 2020.

25 LEASING COMMITMENTS

At the end of the year the group had future minimum lease payments under non-cancellable operating leases for:

Land & Buildings:

	2021 £000s	2020 £000s
Operating leases that expire:		
Within one year	8,423	8,445
Within one to five years	25,645	26,019
More than five years	23,433	26,750
	<u>57,501</u>	<u>61,214</u>

The group leases plant to customers under operating leases for terms of up to 4 years. At the year end, the group had contracted for minimum lease payments of approximately £1,100,000 (2020: £1,200,000) of which approximately £400,000 (2020: £400,000) was due within one year.

At the end of the year the company had future minimum lease payments under non-cancellable operating leases for:

Land & Buildings:

	2021 £000s	2020 £000s
Operating leases that expire:		
Within one year	227	227
Within one to five years	909	909
More than five years	852	1,075
	<u>1,988</u>	<u>2,211</u>

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

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26 RELATED PARTY TRANSACTIONS

The group made sales of approximately £101.5m (2020: £95.8m) to companies connected to certain shareholders of the group's ultimate parent undertaking of which amounts receivable of £23.4m (2020: £28.2m) were still outstanding at the year end. Further, there were related party charges from these related companies of £3.5m (2020: £3.5m) in respect of non-trading transactions and purchases of £1.4m (2020: £1.4m). In the opinion of the directors all transactions were at arm's length.

At 31 December 2021 £130,000 (2020: £200,000) was owed by a member of Key Management Personnel. The loan is to be settled in cash, is interest free, unsecured and repayable by 30 April 2026 in equal instalments. At 31 December 2021 (2020: £nil) no provision against the amount owed has been made and no amounts have been written off in the year (2020: £nil).

27 PENSION ARRANGEMENTS

Defined contribution pension scheme

All subsidiaries operate a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the companies to the funds during the year and amounted to £4,834,000 (2020: £5,195,000) as included in note 6. Contributions of £388,000 (2020: £386,000) were outstanding at the year end.

Defined benefit pension schemes

The group has two defined benefit pension schemes, the Stearn Electric Company Pension Fund (Stearn Scheme) and The Decco Pension and Life Insurance Scheme 1980 (Decco Scheme), as well as participating in a non-group scheme. All three schemes were closed to future accrual at 31 March 2011.

The group operates two defined benefit final salary pension schemes in the United Kingdom, as the principal employer of the Stearn Scheme and the Decco Scheme. The assets of the schemes are administered by trustees in funds independent from those of the group and invested directly on the advice of the independent professional investment managers. Both schemes are closed for new employees and to future accruals.

The last full triennial actuarial valuation of the Stearn Scheme took place as at 31 March 2021 and that of the Decco Scheme took place as at 31 March 2020, which were performed using the projected unit method.

Decco Scheme

The benefit obligations have been rolled-forward from the corresponding valuation for accounting purposes as at 31 December 2020 (which itself was based on a projection from the Scheme's latest statutory funding valuation as set out in the report dated 25 March 2021) to the year end measurement date allowing for interest on the liabilities, the actual benefits paid out and an estimate of the effect of any changes in the actuarial assumptions. We have assumed that all other experience during the projection, apart from investment returns, inflation experience, contributions, benefit payments and any administration expenses paid by the Scheme, has been in line with the assumptions made at the start of the year.

Stearn Scheme

The benefit obligations have been rolled-forward from the preliminary results of the 31 March 2021 statutory funding valuation to the year end measurement date, allowing for interest on the liabilities, the actual benefits paid out and an estimate of the effect of any changes in the actuarial assumptions. We have assumed that all other experience during the projection, apart from investment returns, inflation experience, contributions and benefit payment and any administration expenses paid by the Scheme, has been in line with the assumptions made at the start of the year.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

27 PENSION ARRANGEMENTS (CONTINUED)

Assumptions

The valuation of the schemes' net position for the purpose of these financial statements has been based on these actuarial valuations, updated to 31 December 2021 by independent qualified actuaries. The major assumptions used were:

	2021 Per annum	2020 Per annum
Discount rate	1.75%	1.40%
Inflation assumption (RPI)	3.25%	2.95%
Inflation assumption (CPI)	2.80%	2.45%

The mortality assumptions used were as follows:

	2021 Years	2020 Years
Decco Scheme		
Member aged 65 (current life expectancy)		
-Men	24.0	24.0
-Women	25.8	25.8
Member aged 45 (life expectancy at age 65)		
-Men	25.7	25.7
-Women	27.7	27.6

Stearn Scheme

Member aged 65 (current life expectancy)		
-Men	22.4	23.6
-Women	24.5	25.6
Member aged 45 (life expectancy at age 65)		
-Men	23.1	25.4
-Women	25.7	27.5

	2021 £000s	2020 £000s	2019 £000s
Equities	21,043	39,645	37,966
Bonds	56,439	55,114	47,704
Property	5,513	5,099	5,223
Cash	32,250	12,697	11,883
Insured pensions	1,561	1,597	1,663
Total fair value of assets	116,806	114,152	104,439
Present value of scheme liabilities	(95,429)	(104,010)	(93,725)
	21,377	10,142	10,714
Surplus/(deficit) in the scheme			
Effect of asset limit	(21,377)	(10,142)	(10,714)
Net pension surplus/(deficit)	-	-	-

At the end of the year, both the group's defined benefit final salary pension schemes were in a surplus position.

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

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27 PENSION ARRANGEMENTS (CONTINUED)

Movement in the surpluses during the year	Assets £000s	Liabilities £000s	Total £000s
At 1 January 2021	114,152	(104,010)	10,142
Interest income/(expense)	1,582	(1,433)	149
Expenses paid from plan assets	(490)	-	(490)
Employer contributions	800	-	800
Benefits paid	(3,283)	3,283	-
Remeasurements in respect of insured pensioners	90	(90)	-
Effect on experience adjustments	-	1,672	1,672
Actuarial gain	3,955	5,149	9,104
At 31 December 2021	116,806	(95,429)	21,377
Effect of asset limit			(21,377)
At 31 December 2021 after effect of asset limit			-

During the year the group made contributions of £800,000 (2020: £500,000) to the defined benefit pension schemes.

The return on plan assets during the year was a profit of £5,627,000 (2020: £12,601,000 profit).

It should be noted that a pension surplus or deficit calculated under FRS 102 represents an estimate at a point in time and is not necessarily indicative of the eventual funding position of a scheme.

Analysis of amount charged to other financial expenses:

	2021 £000s	2020 £000s
Net interest and other expenses paid from defined benefit pension scheme assets	(481)	(475)
	(481)	(475)

Analysis of amount recognised in other comprehensive income

	2021 £000s	2020 £000s
Actual return less interest income on pension scheme assets	3,955	10,411
Experience gains and losses arising on the scheme obligations	1,672	1,472
Changes in assumptions underlying the present value of the scheme liabilities	5,149	(12,700)
	10,776	(817)
Effect of pension scheme asset limit adjustment	(11,095)	792
Actuarial (loss) recognised after effect of asset limit	(319)	(25)

NEWBURY INVESTMENTS (UK) LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

27 PENSION ARRANGEMENTS (CONTINUED)

Other non-group scheme

Certain employees of the group are members of a defined benefit scheme operated by a non-group company. The assets of the scheme are managed through a separate trustee administered fund. The scheme was closed to future accrual at 31 March 2011.

The group's liability for this scheme was crystallised during 2015.

28 PRIOR PERIOD ADJUSTMENT

A prior year adjustment has been made in relation to stock in transit not previously recognised within the accounts of a subsidiary company for the year ended 31 December 2020. These group financial statements have been restated to correct this. The effect of the restatement has resulted in an increase in both stock and accruals by £5,318,000. There has been no change to the income statement as a result of the restatement.

29 ULTIMATE PARENT COMPANY

As at 31 December 2021, the company's parent company and ultimate controlling entity was Newbury Investments BV, a company incorporated in the Netherlands. The results of the group headed by Newbury Investments BV are not consolidated into any publicly available financial statements.

After the year end, and following a group reconstruction, Newbury Investments Holding Limited became the company's ultimate parent undertaking and controlling party in place of Newbury Investments BV.