

REGISTERED NUMBER: 04279501 (England and Wales)

**Strategic Report,**  
**Report of the Director and**  
**Financial Statements**  
**for the Year Ended 31 December 2021**  
**for**  
**Bifrangì UK Limited**



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**for the Year Ended 31 December 2021**

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**Bifrangi UK Limited**

**Company Information**  
**for the Year Ended 31 December 2021**

**DIRECTOR:** Miss F Biasion

**REGISTERED OFFICE:** Tower Works  
Spa Road  
Lincoln  
LN2 5TB

**REGISTERED NUMBER:** 04279501 (England and Wales)

**SENIOR STATUTORY AUDITOR:** J P Sewell BA (Hons) MBA FCA CTA CMgr FCMI

**AUDITORS:** Wright Vigar Limited  
Statutory Auditors  
Chartered Accountants & Business Advisers  
15 Newland  
Lincoln  
Lincolnshire  
LN1 1XG

**Bifrangì UK Limited**  
**Strategic Report**  
**for the Year Ended 31 December 2021**

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

**PRINCIPAL ACTIVITIES**

During the year 2021, the principal activities of the Company continued to be the forging and machining of crankshafts for the agricultural, power generation and automotive markets, and flight and rack bars for the mining industry. The product mix remained stable between 2020 and 2021, with an increase in large machined crankshaft demand compared to the previous year.

**REVIEW OF BUSINESS**

Bifrangì UK Ltd has forging and testing facilities in Lincoln and machining facilities in Sheffield. The Company's results for the year ended 31 December 2021 show a post-tax loss of £3,794k (loss of £4,482k in 2020) on sales of £25,986k (£22,714k in 2020).

The significant investment programme of Bifrangì UK will recommence in 2022, after slowing down during the Covid 19 pandemic.

In Lincoln a decision was made to install the induction heater line purchased in 2020 in the 32k tonne press shop. This will offer the potential of high-volume production of all products in the Company's current product mix. The total investment in this department will be in the region of £1.5 million, including a new hot cropper, bar loader and descaler. This important investment will also allow higher flexibility in organising maintenance shutdowns for refurbishment activities of the 16k tonne press. Alongside this project, the changing block facility will be completed in 2022.

In Sheffield the available factory areas were reduced by 50% and around 70% of the remaining buildings were re-roofed. The new cladding is providing better visibility (up to 100% improvement with an increased number of skylights) and above standard energy efficiency. The new gas heating and LED lighting systems have been in operation from the middle of 2021 and are bringing welfare, quality and efficiency benefits to the site. Finally, the works at the Italian company Trevisan for the complete refurbishment of a grinding machine will be completed by mid-2022 for commissioning before the end of the year. This one-of-a-kind machine, delayed first by travel restrictions and then by the availability of electronic devices required for its functioning, will bring a substantial technological advancement to the machining of large crankshafts in Bifrangì UK.

In 2021 demand increased compared to 2020, requiring hiring of new employees and focus on people training. The director and shareholders are confident that the investments are strategic and will allow the realisation of the long-term objectives of the Company.

To constantly improve quality and efficiency, the Company uses a range of measures to monitor performance. Management accounts are reviewed monthly and key performance indicators such as receipt of orders, production, cost of sales and cash flow are reviewed weekly.

Demand increased significantly in 2021, to almost pre-pandemic quantities. Due to supply chain inefficiencies created by the Covid 19 pandemic, Bifrangì UK's ability to respond to sudden demand increases was restricted and final sales did not fully reflect customer orders. During this year, cost of production also increased. The main factors which affected costs of production were:

- The worldwide transport crisis, which lead to an increase in transport prices of up to 40%
- The increase in steel base and surcharge prices
- The increase in electricity and gas prices, which, since the middle of 2021, have been affecting forging and machining production costs up to 30% of the original processing cost.

Despite the traditionally inelastic nature of the market Bifrangì UK operates in, by the end of 2021 Bifrangì UK had re-negotiated the price of its products with current clients and introduced new systems to pass on energy and material surcharges for high-volume sales. These pricing mechanisms are already translating in an improved turnover and healthier profit levels. The turnover of Quarter 1 2022 across the Lincoln and Sheffield sites was double the one for Quarter 1 2021. Moreover, evaluating the same time periods, the Company moved from making a significant loss to making a small profit.

**PRINCIPAL RISKS AND UNCERTAINTIES**

In 2022 the global steel and energy markets are more volatile compared to pre-pandemic levels. Steel mills are introducing different pricing structures in response to the transport and energy rising costs. It is difficult for companies to estimate the price of electricity and gas for future months. Bifrangì UK continues to ensure steel and energy prices are correctly passed onto its customers to limit the risk of pricing fluctuations affecting the profitability of the Company.

Transport continues to be costly and difficult to source, for this reason Bifrangì UK is holding higher than usual steel stocks to avoid delays to its customers.

**Bifrangi UK Limited**  
**Strategic Report**  
**for the Year Ended 31 December 2021**

The conflicts in Ukraine and the sanctions on Russian market are not directly affecting Bifrangi UK. The situation is being monitored, but it is considered unlikely that supply of steel or sale of products will be affected.

The Brexit deal removed a lot of uncertainty from European customers and the pound sterling significantly recovered in 2021. Unfortunately, after Brexit Bifrangi UK has had to face Steel Quotas on import. This is sometimes creating delays as material cannot be shipped from abroad when required, and high costs for the Company if duty becomes payable. To ensure higher flexibility and avoiding high storage costs at ports, Bifrangi UK will be applying for a Customs Warehouse in 2022. We are confident this solution will resolve all issues relating to Steel Quotas, as it is not feasible for the Company to source the material in the United Kingdom.

#### **RESEARCH AND DEVELOPMENT**

The Research and Development centre constructed in 2016 continues to be an important support in guaranteeing the quality of the products Bifrangi supplies. The testing facilities allow for independence from external laboratories and assist both the Lincoln and Sheffield sites. The laboratory is working towards achieving ISO17025 accreditation in early 2022.

Being part of the AFRC, an R&D partnership that links the major players of the forging industry and the University of Strathclyde, offers Bifrangi UK an access to knowledge on alternative materials and forging practices. This knowledge in the future will allow the Company to enter several new markets, including aerospace.

In the second part of 2021, a limited number of projects restarted at AFRC after a temporary break due to the Covid 19 pandemic.

#### **FINANCIAL INSTRUMENTS**

The Company trades with both customers and suppliers in Sterling, Euros and US Dollars. For normal trading there is a natural offset in these currencies and as such the Company does not ordinarily place forward currency contracts, however the director continues to monitor the needs of the Company on an ongoing basis.

#### **EMPLOYEE INVOLVEMENT AND DISABLED EMPLOYEES**

Consultation with employees is done via the union representatives. Meetings are on an ad hoc basis or by need. Information is passed via trade union representatives at site meetings or by local management to small groups of employees.

The Company does not discriminate against individuals on grounds of disability when vacancies occur. Employees who are infirm through ill health or injury are accommodated in various forms such as;

- risk assessment of tasks and suitable adjustments to enable the tasks to be undertaken
- work times adjusted to cater for physical difficulties
- job retraining into a services task rather than front line direct work

Counselling and support are given by our active and knowledgeable Health & Safety Department and Occupational Health providers. Bifrangi UK employs a full time Health and Safety manager.

Extended periods of absences are followed by lead-in programs and careful monitoring to ensure employees regain working fitness in an efficient and effective manner.

**Bifranghi UK Limited**  
**Strategic Report**  
**for the Year Ended 31 December 2021**

**SECTION 172(1) STATEMENT**

The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after 1 January 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company.

This S172 statement explains how Bifranghi UK Limited Director:

- has engaged with employees, suppliers, customers, and others; and
- has had regard to employee interests, the need to foster the group's business relationships with suppliers, customers and other, and the effect of that regards, including on the principal decisions taken by the Company during the financial year.

The S172 statement focuses on matters of strategic importance to the group, and the level of information disclosed is consistent with the size and the complexity of the business.

The Director is aware of their responsibilities when making decisions, and ensures that they act in the way that they consider in good faith, would most likely promote the Group's success for the benefit of its members as a whole and in doing so has regard to:

**S172(1) (A) The likely consequences of any decision in the long term**

The Director understands that due to the nature of the business continual improvements to the existing machinery is essential to create efficiencies and remain competitive long-term. Moreover, technological advancements offer more energy efficient solutions for existing applications. For this reason, Bifranghi UK has a strong investment programme in place which is evaluated considering the long-term changes in demand, the environmental impact of current technologies and, in turn, the long-term stability of the business.

**S172(1) (B) The interests of the group's employees**

The Director recognises that Bifranghi UK employees are fundamental to the delivery of strategic ambitions of our business. For this reason, employee training, welfare facilities and all aspects of the workplace, especially health and safety, are the first priority in decision making.

**S172(1) (C) The need to foster the group's business relationships with suppliers, customers, and others**

In order to be successful Bifranghi UK must focus on long term relationships with suppliers, customers, local authorities, and the rest of the Bifranghi Group. The ability to respond to customer requests in the most flexible manner is a priority for Bifranghi UK and this is only possible with the support of its suppliers. Suppliers are reviewed yearly on multiple factors, including their communication, cooperativeness, and financial stability.

The customer base is assessed regularly within the context of business strategy and the management team ensures that these relationships are maintained with regular communication and site visits.

**S172(1) (D) The impact of the group's operations on the community and the environment**

The Director understands that due to the nature of the business focus on alternative fuels and noise reduction is essential to minimise the impact of the group's operations. In the past 6 years Bifranghi UK has been heavily investing in solutions which are both more energy efficient and which reduce its impact on the local community.

**S172(1) (E) The desirability of the group maintaining a reputation for high standards of business conduct**

The Director carries out their decision making with the aim of maintaining high standards of reputation for the Bifranghi Group. The Company's policy, including the Conduct Policy and the Ethical policy are in place to widen the responsibility of high standards of conduct throughout all layers of the organisation.

**S172(1) (F) The need to act fairly between members of the group**

The Director considers all factors when determining the best course of action to deliver the Company's long term strategic goals. The impact on all stakeholders is considered as fairly as possible in the interest of the Company.

## **Bifranghi UK Limited**

### **Strategic Report** **for the Year Ended 31 December 2021**

## **GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION & ENERGY EFFICIENCY**

### **Carbon Dioxide Emissions**

In 2021 the annual quantities of carbon dioxide emissions for Bifranghi UK were:

- 2,965,844 kgs from gas consumption
- 113,457 kgs from fuel for the purpose of transport
- 2,855,503 kgs from the purchase of electricity for the groups own use, including the purpose of transport

### **kWh Usage**

The aggregated kWh of UK annual energy consumed from activities for which the group is responsible involving the combustion of gas was 16,192,641 kWh.

The quantity involving the consumption of fuel for the purpose of transport was 494,954 kWh.

The quantity involving the purchase of electricity by the group for its own use including transport was 12,914,078 kWh.

### **Methodology**

Energy consumption is calculated using data from meter readings and invoices received for the given year being assessed. CO2 emissions are determined using the appropriate conversion factor for energy type obtained from UK Government information for company reporting of greenhouse gas emissions.

### **Ratios**

In order to effectively manage the energy performance of the Group's facilities, systems processes and equipment management consider kWh per tonnage produced to be the key energy performance indicator (EnPI). The ratios for this year are as follows:

Energy Type	EnPI	2021 ratio	2020 ratio
Gas Oil	375MWh / 15,644 tonnes	0.023	0.038
Diesel	120MWh / 15,644 tonnes	0.008	0.021
Natural Gas	16,193MWh / 15,644 tonnes	1.035	1.146
Electricity	12,914MWh / 15,644 tonnes	0.825	1.091

### **Measures taken to improve efficiency**

Bifranghi UK has been carrying out projects to improve energy efficiencies for the past 7 years. In particular:

- 1 - Both at the Lincoln and Sheffield sites water cooling has replaced electric chillers where possible. Water cooling pumps are programmed so that they are in operation only when the water temperature is too high.
- 2 - In Lincoln, the recovered heat from water cooling in the press department is used for heating the office and finishing areas.
- 3 - Internal and external lighting is in the process of being replaced to LED, with 50% of the Sheffield site and above 90% of the Lincoln site now lit by LED.
- 4 - The gas heating system at the Sheffield site is being replaced by a modern system with 102% efficiency rating.
- 5 - At the Lincoln site, 60% of the buildings have been replaced in the last 6 years with above standard insulation to improve heat efficiency. The new buildings also have more skylights to reduce the use of artificial lighting during the day.
- 6 - At the Sheffield site in 2021 and 2022 50% of the facilities were demolished to reduce the area which requires heating. Of the remaining part, around 70% has been re-roofed to improve the efficiency rating of the building. Also, at this site the increase in number of skylights has improved natural lighting in the building.
- 7 - All production furnaces are surveyed regularly to highlight any malfunction which might cause an excessive use of gas.
- 8 - From the middle of 2021, shift patterns were changed in order to allow longer continuous production of high energy consumption equipment, in particular gas furnaces and the induction heater line. This includes the introduction of a 3-days working week, or a shorter Friday shift in certain departments.
- 9 - The investment on a new heater line will allow higher efficiency in heating material for production, which is the highest single energy consuming activity within Bifranghi UK.

**Bifrangi UK Limited**

**Strategic Report**  
**for the Year Ended 31 December 2021**

Bifrangi UK is working in conjunction with the AFRC to find suitable alternative fuels to reduce the environmental impact of the heat treatment of steel products.

**Reporting limitations**

At both Lincoln and Sheffield sites meters record energy consumption at site level. For this reason, it is not possible for evaluations to be made on the emissions connected to a specific department or piece of equipment.

**ON BEHALF OF THE BOARD:**

  
Miss F Biasion - Director

14 June 2022



**Bifrangì UK Limited**

**Report of the Director**  
**for the Year Ended 31 December 2021**

The director presents her report with the financial statements of the company for the year ended 31 December 2021.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2021.

**DIRECTOR**

Miss F Biasion held office during the whole of the period from 1 January 2021 to the date of this report.

**DISCLOSURE IN THE STRATEGIC REPORT**

The following items, required under Section 1 of Schedule 7 to the Large and Medium-sized Companies and Group (Accounts and Reports Regulations) 2008, are set out in the strategic report in accordance with Section 414(C)11 of the Companies Act 2006:

- Financial instruments
- Future developments and research and development
- Employees and disabled employees
- Employee engagement
- Business relationships

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless she is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

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

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable her to ensure that the financial statements comply with the Companies Act 2006. She is 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and she has taken all the steps that she ought to have taken as a director in order to make herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**



Miss F Biasion - Director

14 June 2022

**Report of the Independent Auditors to the Members of**  
**Bifrangí UK Limited**

**Opinion**

We have audited the financial statements of Bifrangí UK Limited (the 'company') for the year ended 31 December 2021 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**Other information**

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors 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.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Report of the Director 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 Director have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters where 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Report of the Independent Auditors to the Members of**  
**Bifrangl UK Limited**

**Responsibilities of director**

As explained more fully in the Statement of Director's Responsibilities set out on page seven, the director is 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 director determines 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 director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

**Auditors' 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our work is performed to include an assessment of the susceptibility of the entity's financial statements to material misstatement, including the risk of fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We plan our work to gain an understanding of the significant laws and regulations that are of significance to the entity and the sector in which they operate. We perform our work to ensure that the entity is complying with its legal and regulatory framework.
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making inquiries to the management and people charged with governance.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- Substantive procedures performed in accordance with the ISAs (UK).
- Challenging assumptions and judgments made by management in its significant accounting estimates.
- Identifying and testing journal entries, in particular material journal entries and an assessment of year end journals.
- Assessing the extent of compliance with the relevant laws and regulations.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Use of our report**

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

*Wright Vigar Limited*

J P Sewell BA (Hons) MBA FCA CTA CMgr FCMI (Senior Statutory Auditor)  
for and on behalf of Wright Vigar Limited  
Statutory Auditors  
Chartered Accountants & Business Advisers  
15 Newland  
Lincoln  
Lincolnshire  
LN1 1XG

Date: 14th June 2022

**Bifrangi UK Limited****Income Statement  
for the Year Ended 31 December 2021**

	Notes	£	2021	£	£	2020	£
<b>TURNOVER</b>	3			25,985,632			22,714,031
Cost of sales				28,050,870			23,897,893
<b>GROSS LOSS</b>				(2,065,238)			(1,183,862)
Distribution costs		157,757			115,811		
Administrative expenses		2,655,067			2,469,905		
				2,812,824			2,585,716
				(4,878,062)			(3,769,578)
Other operating income	4			1,354,974			(527,355)
<b>OPERATING LOSS</b>	6			(3,523,088)			(4,296,933)
Interest payable and similar expenses	8			304,488			185,887
<b>LOSS BEFORE TAXATION</b>				(3,827,576)			(4,482,820)
Tax on loss	9			(33,045)			-
<b>LOSS FOR THE FINANCIAL YEAR</b>				(3,794,531)			(4,482,820)

The notes form part of these financial statements

**Bifrangì UK Limited**

**Other Comprehensive Income**  
**for the Year Ended 31 December 2021**

Notes	2021 £	2020 £
<b>LOSS FOR THE YEAR</b>	(3,794,531)	(4,482,820)
<b>OTHER COMPREHENSIVE INCOME</b>		
Capital contribution	-	4,493,251
Income tax relating to other comprehensive income	-	-
	<hr/>	<hr/>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>	-	4,493,251
	<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>(3,794,531)</u>	<u>10,431</u>

The notes form part of these financial statements

**Bifranghi UK Limited (Registered number: 04279501)****Balance Sheet  
31 December 2021**

	Notes	2021	2020
		£	£
<b>FIXED ASSETS</b>			
Intangible assets	10	-	-
Tangible assets	11	34,703,251	37,343,122
		<u>34,703,251</u>	<u>37,343,122</u>
<b>CURRENT ASSETS</b>			
Stocks	12	6,904,702	4,186,460
Debtors	13	5,274,662	4,337,352
Cash at bank		2,279,530	1,255,565
		<u>14,458,894</u>	<u>9,779,377</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	13,575,910	15,130,140
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>882,984</u>	<u>(5,350,763)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>35,586,235</u>	<u>31,992,359</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	25,531,433	18,143,026
<b>NET ASSETS</b>		<u><u>10,054,802</u></u>	<u><u>13,849,333</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	4,000,000	4,000,000
Retained earnings	19	6,054,802	9,849,333
<b>SHAREHOLDERS' FUNDS</b>		<u><u>10,054,802</u></u>	<u><u>13,849,333</u></u>

The financial statements were approved by the director and authorised for issue on 14 June 2022 and were signed by:



Miss F Biasion - Director

**Bifrangí UK Limited**

**Statement of Changes in Equity**  
**for the Year Ended 31 December 2021**

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2020</b>	4,000,000	9,838,902	13,838,902
<b>Changes in equity</b>			
Total comprehensive income	-	10,431	10,431
<b>Balance at 31 December 2020</b>	<u>4,000,000</u>	<u>9,849,333</u>	<u>13,849,333</u>
<b>Changes in equity</b>			
Total comprehensive income	-	(3,794,531)	(3,794,531)
<b>Balance at 31 December 2021</b>	<u>4,000,000</u>	<u>6,054,802</u>	<u>10,054,802</u>

The notes form part of these financial statements

**Bifranggi UK Limited****Cash Flow Statement  
for the Year Ended 31 December 2021**

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,747,210	(1,209,671)
Interest paid		(304,488)	(185,887)
Tax paid		33,045	-
Net cash from operating activities		<u>2,475,767</u>	<u>(1,395,558)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(912,664)	(1,205,879)
Sale of tangible fixed assets		110,000	-
Foreign exchange		(843,959)	1,144,203
Net cash from investing activities		<u>(1,646,623)</u>	<u>(61,676)</u>
<b>Cash flows from financing activities</b>			
Amount introduced by directors		-	2,864
Amount withdrawn by directors		-	(953,872)
Intercompany loan movements		(649,138)	(1,215,616)
Capital contribution		-	4,493,251
Net cash from financing activities		<u>(649,138)</u>	<u>2,326,627</u>
<b>Increase in cash and cash equivalents</b>		<u>180,006</u>	<u>869,393</u>
<b>Cash and cash equivalents at beginning of year</b>	2	1,255,565	1,530,375
Effect of foreign exchange rate changes		843,959	(1,144,203)
<b>Cash and cash equivalents at end of year</b>	2	<u><u>2,279,530</u></u>	<u><u>1,255,565</u></u>

The notes form part of these financial statements



**Bifranghi UK Limited**

**Notes to the Cash Flow Statement**  
**for the Year Ended 31 December 2021**

**1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2021 £	2020 £
Loss before taxation	(3,827,576)	(4,482,820)
Depreciation charges	3,442,535	3,456,164
Finance costs	304,488	185,887
	<u>(80,553)</u>	<u>(840,769)</u>
(Increase)/decrease in stocks	(2,718,242)	1,135,842
(Increase)/decrease in trade and other debtors	(937,310)	351,069
Increase/(decrease) in trade and other creditors	6,483,315	(1,855,813)
<b>Cash generated from operations</b>	<u><u>2,747,210</u></u>	<u><u>(1,209,671)</u></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 December 2021**

	31.12.21 £	1.1.21 £
Cash and cash equivalents	<u><u>2,279,530</u></u>	<u><u>1,255,565</u></u>

**Year ended 31 December 2020**

	31.12.20 £	1.1.20 £
Cash and cash equivalents	<u><u>1,255,565</u></u>	<u><u>1,530,375</u></u>

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.1.21 £	Cash flow £	At 31.12.21 £
<b>Net cash</b>			
Cash at bank	1,255,565	1,023,965	2,279,530
	<u>1,255,565</u>	<u>1,023,965</u>	<u>2,279,530</u>
<b>Debt</b>			
Debts falling due within 1 year	(4,593,097)	1,913,822	(2,679,275)
Debts falling due after 1 year	(8,257,873)	(8,037,545)	(16,295,418)
	<u>(12,850,970)</u>	<u>(6,123,723)</u>	<u>(18,974,693)</u>
<b>Total</b>	<u><u>(11,595,405)</u></u>	<u><u>(5,099,758)</u></u>	<u><u>(16,695,163)</u></u>

## **Bifrangi UK Limited**

### **Notes to the Financial Statements** **for the Year Ended 31 December 2021**

#### **1. STATUTORY INFORMATION**

Bifrangi UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

#### **2. ACCOUNTING POLICIES**

##### **Basis of preparing the financial statements**

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

##### **Going concern**

The company will receive continued support from the company's ultimate holding company, Bifrangi S P A. At the year end the company owed Bifrangi S P A £9,236,014 (2020: £9,885,153) in the form of loans. The purpose of the loans is to provide sufficient funds to enable the company to meet both the capital commitments and any other liabilities as they fall due.

##### **Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

##### **Goodwill**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Goodwill arising on business acquisition, representing the difference between the fair value of the consideration given and the fair value of the assets acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 5 years. The useful economic life of buildings from 31 December 2005 was reassessed for an additional 6 years therefore goodwill relating to the acquisition of these buildings is being written off over an additional 6 years.

##### **Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

##### **Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases.

Freehold buildings	- 2-4% straight line
Plant & machinery	- 4-33% straight line

##### **Stocks and work in progress**

Stock and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Cost is determined on the weighted average cost formula.

##### **Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Bifranghi UK Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**2. ACCOUNTING POLICIES - continued**

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

**Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the income statement.

**Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**Government grants**

Government grant income is recognised when it is received. Grants relating to the purchase of assets are treated as deferred income and allocated to the income statement over the useful economic lives of the related assets while grants relating to expenses are treated as other income in the income statement.

Grants relating to the Coronavirus Job Retention Scheme are recognised in full in the period in which the associated salary, national insurance and pension costs were incurred.

**Loans and borrowings**

Loan and borrowings are initially measured at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

**Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The company has elected to treat the date of transition to FRS102 (1 January 2014) as the commencement date of the capitalisation of interest on qualifying assets.

All other borrowing costs are recognised in income statement in the period in which they are incurred.

**3. TURNOVER**

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2021 £	2020 £
United Kingdom	5,268,560	5,163,251
Europe	7,374,036	6,596,057
Rest of world	13,343,036	10,954,723
	<u>25,985,632</u>	<u>22,714,031</u>

The whole of the turnover is attributable to one class of business.

**Bifrangi UK Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**4. OTHER OPERATING INCOME**

	2021	2020
	£	£
Government grants	511,015	801,647
Exchange (gains)/losses	843,959	(1,329,002)
	<u>1,354,974</u>	<u>(527,355)</u>

**5. EMPLOYEES AND DIRECTORS**

	2021	2020
	£	£
Wages and salaries	5,818,993	6,000,465
Social security costs	550,750	534,681
Other pension costs	279,732	314,738
	<u>6,649,475</u>	<u>6,849,884</u>

The average number of employees during the year was as follows:

	2021	2020
Production	190	205
Administration	28	30
Directors	1	1
	<u>219</u>	<u>236</u>

	2021	2020
	£	£
Directors' remuneration	<u>120,000</u>	<u>120,000</u>

**6. OPERATING LOSS**

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

	2021	2020
	£	£
Depreciation - owned assets	3,442,535	3,456,164
Foreign exchange differences	<u>(843,959)</u>	<u>1,329,002</u>

**7. AUDITORS' REMUNERATION**

	2021	2020
	£	£
Fees payable to the company's auditors and their associates for the audit of the company's financial statements	<u>39,300</u>	<u>34,300</u>

**8. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2021	2020
	£	£
Other interest	115,016	20,000
Loan interest	189,472	165,887
	<u>304,488</u>	<u>185,887</u>

**Bifrangi UK Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**9. TAXATION**

**Analysis of the tax credit**

The tax credit on the loss for the year was as follows:

	2021 £	2020 £
Current tax:		
R&D tax credit	(33,045)	-
Tax on loss	(33,045)	-

**Reconciliation of total tax credit included in profit and loss**

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

	2021 £	2020 £
Loss before tax	(3,827,576)	(4,482,820)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(727,239)	(851,736)
Effects of:		
Expenses not deductible for tax purposes	9,108	(642)
Depreciation in excess of capital allowances	52,351	84,396
Tax losses brought forward	(2,860,939)	(2,084,653)
Tax losses carried forward	3,571,762	2,860,939
R&D tax credit	(33,045)	-
Land remediation adjustment	(45,043)	(8,304)
Total tax credit	(33,045)	-

**Tax effects relating to effects of other comprehensive income**

There were no tax effects for the year ended 31 December 2021.

	Gross £	2020 Tax £	Net £
Capital contribution	4,493,251	-	4,493,251

**10. INTANGIBLE FIXED ASSETS**

**COST**

At 1 January 2021  
and 31 December 2021

Goodwill  
£

(12,045,650)

**AMORTISATION**

At 1 January 2021  
and 31 December 2021

(12,045,650)

**NET BOOK VALUE**

At 31 December 2021  
At 31 December 2020

-

-

**Bifranghi UK Limited****Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021****11. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Totals £
<b>COST</b>			
At 1 January 2021	17,572,155	69,983,909	87,556,064
Additions	160,839	751,825	912,664
Disposals	(110,000)	-	(110,000)
At 31 December 2021	17,622,994	70,735,734	88,358,728
<b>DEPRECIATION</b>			
At 1 January 2021	2,753,603	47,459,339	50,212,942
Charge for year	295,754	3,146,781	3,442,535
At 31 December 2021	3,049,357	50,606,120	53,655,477
<b>NET BOOK VALUE</b>			
At 31 December 2021	14,573,637	20,129,614	34,703,251
At 31 December 2020	14,818,552	22,524,570	37,343,122

Included in cost of land and buildings is freehold land of £2,040,000 (2020 - £2,040,000) which is not depreciated.

**12. STOCKS**

	2021 £	2020 £
Raw materials	3,361,346	1,360,189
Work-in-progress	2,763,899	1,964,528
Finished goods	779,457	861,743
	6,904,702	4,186,460

**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021 £	2020 £
Trade debtors	4,955,438	4,226,357
Other debtors	158,612	-
VAT	13,762	836
Prepayments and accrued income	146,850	110,159
	5,274,662	4,337,352

**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021 £	2020 £
Debentures (see note 16)	1,000,000	-
Bank loans and overdrafts (see note 16)	1,679,275	998,496
Other loans (see note 16)	-	3,594,601
Trade creditors	6,995,721	6,373,166
Social security and other taxes	139,045	121,618
Other creditors	10,377	192,718
Accruals and deferred income	3,751,492	3,849,541
	13,575,910	15,130,140

**Bifrangi UK Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2021 £	2020 £
Debentures (see note 16)	-	1,000,000
Bank loans (see note 16)	5,877,464	3,594,601
Other loans (see note 16)	10,417,954	3,663,272
Amounts owed to group undertakings	9,236,015	9,885,153
	<u>25,531,433</u>	<u>18,143,026</u>

**16. LOANS**

An analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year or on demand:		
Debentures	1,000,000	-
Bank loans	1,679,275	998,496
Other loans	-	3,594,601
	<u>2,679,275</u>	<u>4,593,097</u>
Amounts falling due between one and two years:		
Bank loans	1,679,275	-
Other loans	-	3,594,601
Other loans	1,480,341	-
	<u>3,159,616</u>	<u>3,594,601</u>
Amounts falling due between two and five years:		
Debentures	-	1,000,000
Bank loans	4,198,189	-
Other loans	8,937,613	3,663,272
	<u>13,135,802</u>	<u>4,663,272</u>

**17. SECURED DEBTS**

Short term borrowings are secured by guarantee given by the company's parent, Bifrangi S P A.

The loans with Boltex Inc are secured by way of (a) fixed charge over the Chattels and (b) assignment of the Borrower's rights under certain agreements and insurance policies associated with the acquisition, operation and maintenance of the Chattels.

**18. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2021 £	2020 £
Number:	Class:	Nominal value:		
4,000,000	Ordinary	£1	<u>4,000,000</u>	<u>4,000,000</u>

**19. RESERVES**

	Retained earnings £
At 1 January 2021	9,849,333
Deficit for the year	<u>(3,794,531)</u>
At 31 December 2021	<u>6,054,802</u>

**Bifrangi UK Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**20. CAPITAL COMMITMENTS**

	2021 £	2020 £
Contracted but not provided for in the financial statements	<u>950,000</u>	<u>3,201,000</u>

**21. RELATED PARTY TRANSACTIONS**

**Fincoil S R L**

Included within creditors due in less than one year is a £1,000,000 (2020: £1,000,000 due in more than one year) advance from Fincoil S R L, a company which owned 40% of this company's share capital. As at 31 December 2021, the loan is repayable on 31 December 2022.

**Bifrangi S P A**

The company has total amounts outstanding to its parent company Bifrangi S P A of £9,236,014 (2020: £9,885,153). This balance is included within amounts due to group undertakings in more than one year based on the expected repayment profile.

The company trades with its parent company Bifrangi S P A. During the year the company acquired goods and services to the value of £168,944 (2020: £472,486) from Bifrangi S P A and made sales to Bifrangi S P A of £1,495,450 (2020: £3,448,518).

At the year end amounts relating to trading balances owed by/to Bifrangi S P A were £nil (2020: £28,436) and £3,906,039 (2020: £5,553,435) respectively.

**Boltex Inc**

During the year the company made purchases totalling £508,675 (2020: £975,322) from Boltex Inc, a company under common ownership.

In 2013 the company took out a loan with Boltex Inc to the value of €4,800,000. In addition in 2014 a further €9,200,000 loan was taken and in 2015 an additional \$5,000,000 loan was taken with Boltex Inc. In 2016 the company repaid €2,000,000 and a further €4,000,000 was repaid in 2020.

The total translated balance outstanding at the year end is £10,417,954 (2020: £10,852,474) of which £nil (2020: £3,594,601) is due within one year.

**22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company is controlled by Bifrangi S P A.

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Bifrangi S P A, a company incorporated in Italy. Consolidated accounts are available from Sede in Via Manzoni, 14, 36065 Mussoletti, 14.

In the opinion of the directors this is the company's ultimate parent company.

Bifrangi S P A is ultimately controlled by Generfid S P A.