

ZIEHL-ABEGG UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

COMPANY INFORMATION

O Kanig
M Williams
P Fendl (resigned 31 May 2022)

05414030

Unit C
Springfield Business Park
Sheepcotes
Chelmsford
Essex
CM2 5AS

MHA MacIntyre Hudson
910 The Crescent
Colchester Business Park
Colchester
Essex
CO4 9YQ

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditor's Report	5 - 8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 - 25

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Introduction

The purpose of the business is to provide sales and marketing coverage for the UK and Ireland market of non-domestic cooling ventilation equipment and electronic drives, predominantly selling products manufactured by our German parent company. The strategy to achieve this involves geographically dispersed external sales managers, together with internal support.

Business review

The Company has performed satisfactorily during the year under challenging conditions with a further strengthening of the Balance Sheet position, prior to the payment of a dividend of over £3m. The results of the Company at the end of the reporting period were turnover at £31.4m (2021 - £24.7m) and earnings before interest and tax (EBIT) of £1.5m (2021 - £1.2m). The profit for the year, after taxation, amounted to £1.2m (2021 - £0.9m).

The Directors consider that the Company is well placed to deal with the ongoing uncertainties in the UK economy and that of its European partners and competitors. Continued investment in systems alongside the growing human resource and marketing strategies have had a significant mitigating impact on these uncertainties.

Principal risks and uncertainties

The Directors have reviewed the key risks to which the Company is exposed together with the operating and financial controls which are in place to mitigate those risks. The main risks are as follows:-

Brexit

Following the United Kingdom's departure from Europe at the end of January 2020, the Directors' consider they have taken appropriate action to mitigate the Company's exposure as far as possible.

Competition

The Directors consider that the Company can compete effectively in the current environment in its target market. The Company's ability to stabilise costs in a competitive environment will protect it against aggressive price reductions by competitors to gain market share. The Company will continue to compete on the basis of quality and service rather than price.

Bad debts

The uncertain economic climate continues to give rise to a higher than usual bad debt risk. The Directors seek to mitigate this by adherence to the Company's robust credit control procedures.

Foreign exchange

The Company is exposed to adverse exchange rate movements, particularly in the current political climate. The Directors seek to manage this as far as possible through the application of existing forex mitigation strategies. Although this is not an absolute guarantee, the risk can be effectively managed.

IT Security

The Directors attach high priority to managing the risks posed by IT security breaches, including a review of cybersecurity.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Financial key performance indicators

The business maintains a strong management information function which focuses on regular and accurate reporting. The key performance indicators (KPIs) monitored and reported monthly to the parent company include:

- Gross Margin: 2022 - 15.2% (2021 - 16.3%)
- Operating Margin: 2022 - 4.6% (2021 - 4.7%)
- Turnover to headcount: 2022 - £1.05m (2021 - £883k)

Other key performance indicators

The Directors also use non-financial performance indicators to monitor the performance of the business. The Company continues to monitor customer satisfaction, staff commitment and key supplier relationships throughout the year.

All processes and procedures within the Company are in compliance with the Human Rights Act.

Future developments

The Company continues to seek to expand its market share whilst maintaining margins and profitability.

This report was approved by the Board and signed on its behalf.

.....
M Williams
Director

Date: 24 April 2023

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Directors present their report and the financial statements for the year ended 31 December 2022.

Directors

The Directors who served during the year ended 31 December 2022 and up to the date of approval of this report were:

O Kanig
M Williams
P Finkl (resigned 31 May 2022)

Dividends

Dividends of £3,331,000 (2021 - £NIL) were declared and paid during the year.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors' have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors' must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

Matters covered in the Strategic Report

In accordance with Section 414c (11) of the Companies Act 2006, the Directors have chosen to include the following items in the Strategic Report:

- Principal activity and Business review
- Principal risks and uncertainties
- Future developments

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by the Board and signed on its behalf.

.....
M Williams

Director

Date: 24 April 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZIEHL-ABEGG UK LIMITED

Opinion

We have audited the financial statements of Ziehl-Abegg UK Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZIEHL-ABEGG UK LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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 Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZIEHL-ABEGG UK LIMITED (CONTINUED)

Auditor responsibilities for the audit of the financial statements

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

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

- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Enquiry of staff to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZIEHL-ABEGG UK LIMITED (CONTINUED)

Use of our report

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

Mike Kay BSc FCA CF (Senior Statutory Auditor)
for and on behalf of
MHA MacIntyre Hudson
Statutory Auditor

Colchester, United Kingdom

28 April 2023

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	31,374,283	24,711,804
Cost of sales		(26,620,705)	(20,678,447)
Gross profit		4,753,578	4,033,357
Administrative expenses		(3,412,063)	(2,869,971)
Other operating income	5	112,472	1,092
Operating profit	6	1,453,987	1,164,478
Interest receivable and similar income	10	6,830	13,659
Profit before tax		1,460,817	1,178,137
Tax on profit	11	(275,861)	(239,900)
Profit for the financial year		1,184,956	938,237

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 12 to 25 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	12		246,752		227,238
Current assets					
Stocks	13	3,555,889		2,491,139	
Debtors: Amounts falling due within one year	14	5,540,509		5,157,314	
Cash at bank and in hand	15	116,985		112,168	
		<u>9,213,383</u>		<u>7,760,621</u>	
Creditors: Amounts falling due within one year	16	(4,660,380)		(1,047,360)	
Net current assets			<u>4,553,003</u>		<u>6,713,261</u>
Total assets less current liabilities			<u>4,799,755</u>		<u>6,940,499</u>
Provisions for liabilities					
Deferred tax	17		(58,700)		(53,400)
Net assets			<u><u>4,741,055</u></u>		<u><u>6,887,099</u></u>
Capital and reserves					
Called up share capital	19		796,132		796,132
Profit and loss account	18		3,944,923		6,090,967
			<u><u>4,741,055</u></u>		<u><u>6,887,099</u></u>

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

.....
M Williams
Director

Date: 24 April 2023

The notes on pages 12 to 25 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	796,132	5,152,730	5,948,862
Comprehensive income			
Profit for the year	-	938,237	938,237
At 1 January 2022	796,132	6,090,967	6,887,099
Comprehensive income			
Profit for the year	-	1,184,956	1,184,956
Transactions with owners			
Dividends: equity capital	-	(3,331,000)	(3,331,000)
At 31 December 2022	796,132	3,944,923	4,741,055

The notes on pages 12 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General information

Ziehl-Abegg UK Limited is a private company limited by shares incorporated in England and Wales. The Company was incorporated on 5 April 2005 under company registration number 05414030. The registered office is Unit C, Springfield Business Park, Sheepcotes, Chelmsford, CM2 5AS.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The financial statements are rounded to the nearest pound sterling.

The following principal accounting policies have been consistently applied to all years presented:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Ziehl-Abegg SE as at 31 December 2022 and these financial statements may be obtained from the German Company Register.

2.3 Going concern

The Directors consider that the Company has sufficient liquid resources, parent support and access to future resources to enable the Company to cover its costs and pay its liabilities for the next 12 months from the date of approve of these financial statements.

Consequently, the Directors have concluded that there are no material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern for the next 12 months from the date of approval of these financial statements. Accordingly, the going concern basis has been adopted in preparing the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sales of goods

Turnover from the sale of ventilation equipment is recognised on the despatch of goods and when all the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer, which is usually on delivery of the equipment;
- the Company retains neither continuing managerial involvement to the degree usually associated with the ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured.

2.5 Tangible fixed assets

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

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Short-term leasehold property	- 7 years
Plant and machinery	- 3 - 10 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Assets under construction are not depreciated until the assets are ready for use. At this point, the assets are transferred to an appropriate class of tangible fixed assets.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 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.

2.8 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.

2.9 Creditors

Short-term 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

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

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

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

2.11 Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.12 Dividends

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

2.13 Operating leases: the Company as lessee

Operating leases are those leases where the Company has use of an asset but where the significant risks and rewards of ownership remain with the lessor and the lease term is not expected to be a significant portion of the useful life of the asset.

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Interest income

Interest income is recognised in profit or loss using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.16 Taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are set out below:

3.1 Turnover recognition

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. This is when the Company has transferred the significant risks and rewards of ownership to the buyer. Although this is not considered to be a complex judgement for the Company, turnover recognition is still considered to be a critical accounting policy.

3.2 Stock valuation

The valuation of inventories is critical to the production of the financial statements. Judgement is required in determining whether there is any provision required against slow-moving or obsolete items. This involves evaluating the likelihood of the further sale of particular stock items.

4. Turnover

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

	2022 £	2021 £
Sale of ventilation equipment and electronic drives	31,374,283	24,711,804
	<u>31,374,283</u>	<u>24,711,804</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	28,908,441	21,676,509
Rest of Europe	2,443,833	3,025,140
Rest of the World	22,009	10,155
	<u>31,374,283</u>	<u>24,711,804</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Other operating income

	2022	2021
	£	£
Other operating income	14,450	1,092
Profit on sale of Irish division	98,022	-
	<u>112,472</u>	<u>1,092</u>

6. Operating profit

The operating profit is stated after charging:

	2022	2021
	£	£
Depreciation charge	55,482	54,951
Foreign exchange differences	195,472	82,795
Operating lease rentals	425,053	338,268
Loss on disposal of tangible assets	<u>7,590</u>	<u>-</u>

7. Auditor's remuneration

	2022	2021
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>14,100</u>	<u>12,300</u>

Fees payable to the Company's auditor in respect of:

Taxation compliance services	1,650	1,400
All other services	<u>1,500</u>	<u>1,300</u>
	<u>3,150</u>	<u>2,700</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Employees

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

	2022 £	2021 £
Wages and salaries	1,463,050	1,281,372
Social security costs	158,247	131,742
Pension costs	73,703	63,713
	<u>1,695,000</u>	<u>1,476,827</u>

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

	2022 No.	2021 No.
Distribution staff	5	5
Administrative staff	5	9
Sales staff	20	14
	<u>30</u>	<u>28</u>

9. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	114,245	110,523
Company contributions to defined contribution pension schemes	4,200	5,102
	<u>118,445</u>	<u>115,625</u>

During the year retirement benefits were accruing to 1 Director (2021 - 1) in respect of defined contribution pension schemes.

10. Interest receivable

	2022 £	2021 £
Interest receivable from group companies	6,830	13,659
	<u>6,830</u>	<u>13,659</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

11. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	270,561	228,000
Total current tax	<u>270,561</u>	<u>228,000</u>
Deferred tax		
Origination and reversal of timing differences	5,300	11,900
Total deferred tax	<u>5,300</u>	<u>11,900</u>
Taxation on profit on ordinary activities	<u>275,861</u>	<u>239,900</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>1,460,817</u>	<u>1,178,137</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%)	277,555	223,846
Effects of:		
Expenses not deductible for tax purposes	(1,694)	16,054
Total tax charge for the year	<u>275,861</u>	<u>239,900</u>

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25% was substantively enacted in June 2021 and will take effect from 1 April 2023 for profits over £250,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

12. Tangible fixed assets

	Short-term leasehold property £	Plant and machinery £	Assets under construction £	Total £
Cost				
At 1 January 2022	234,622	194,704	-	429,326
Additions	20,818	25,268	36,500	82,586
Disposals	-	(90,896)	-	(90,896)
At 31 December 2022	<u>255,440</u>	<u>129,076</u>	<u>36,500</u>	<u>421,016</u>
Depreciation				
At 1 January 2022	51,237	150,851	-	202,088
Charge for the year	35,854	19,628	-	55,482
Disposals	-	(83,306)	-	(83,306)
At 31 December 2022	<u>87,091</u>	<u>87,173</u>	<u>-</u>	<u>174,264</u>
Net book value				
At 31 December 2022	<u>168,349</u>	<u>41,903</u>	<u>36,500</u>	<u>246,752</u>
<i>At 31 December 2021</i>	<u>183,385</u>	<u>43,853</u>	<u>-</u>	<u>227,238</u>

13. Stocks

	2022 £	2021 £
Finished goods and goods for resale	3,555,889	2,491,139
	<u>3,555,889</u>	<u>2,491,139</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Debtors: Amounts falling due within one year

	2022 £	2021 £
Trade debtors	5,370,828	3,610,760
Amounts owed by group undertakings	-	1,141,812
Other debtors	15,860	234,427
Prepayments and accrued income	153,821	170,315
	<u>5,540,509</u>	<u>5,157,314</u>

15. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	116,985	112,168
	<u>116,985</u>	<u>112,168</u>

16. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	219,039	239,544
Amounts owed to group undertakings	3,523,607	-
Corporation tax	1,978	-
Other taxation and social security	578,436	400,424
Accruals and deferred income	337,320	407,392
	<u>4,660,380</u>	<u>1,047,360</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

17. Deferred taxation

	2022 £	2021 £
Deferred tax liability at 1 January	53,400	41,500
Charged to profit or loss	5,300	11,900
Deferred tax liability at 31 December	58,700	53,400

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	58,700	53,400
	58,700	53,400

18. Reserves**Profit and loss account**

The profit and loss account represents the accumulation of retained profits, net of dividends, which are in the form of distributable reserves.

19. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
1 (2021 - 1) Ordinary share of £1.00	1	1
500,000 (2021 - 500,000) Ordinary shares of €1.00 each	339,134	339,134
500,000 (2021 - 500,000) Ordinary shares of €1.00 each	456,997	456,997
	796,132	796,132

The ordinary shares, which do not entitle the holders to a fixed or guaranteed dividend, have equal voting rights and equal rights in the event of a sale or winding up.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £73,703 (2021 - £63,713). No contributions were payable to the fund at the Balance Sheet date (2021 - £NIL).

21. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	563,391	328,690
Later than 1 year and not later than 5 years	1,292,189	1,147,809
Later than 5 years	1,856,818	2,192,115
	<u>3,712,398</u>	<u>3,668,614</u>

22. Related party transactions

The Company has taken the reduced exemption disclosure in Section 33.1A of FRS102 from the requirement to disclose transactions entered into between two or more members of a Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Key management is defined as employees who take an active role on the management team. In the year this included the Directors and three (2021 - four) additional employees. The aggregate remuneration of Key Management Personnel this year was £438,361 (2021 - £362,282).

During 2022, two (2021 - two) close family members of the management team were employed by the Company. The total remuneration received by these close family members was £81,051 (2021 - £76,505).

23. Controlling party

The Company was under the control of Ziehl-Abegg SE, a company incorporated in Germany, throughout the current and previous year. The registered office of Ziehl-Abegg SE is Heinz-Ziehl Strasse, 74653 Kunzelsau, Germany. Ziehl-Abegg SE holds 100% of the issued share capital and is both the immediate and ultimate parent company. Ziehl-Abegg SE has included the Company in its group financial statements which may be obtained from the German Company Register and this is the smallest and largest group for which consolidated financial statements are drawn up.

The ultimate controlling party is D Ziehl, through virtue of his majority shareholding in the ultimate parent company, Ziehl-Abegg SE.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.