

ERIKS UK Holdings Limited

**Annual Report and Financial Statements for the
year ended 31 December 2021**

Company number 05975402



ERIKS UK HOLDINGS LIMITED

Annual Report and Financial Statements for the year ended 31 December 2021

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ERIKS UK HOLDINGS LIMITED

Strategic report for the year ended 31 December 2021

The directors present their strategic report of the Company for the year ended 31 December 2021.

Principal activities

The principal activity of the Company is the holding of investments and the provision of management services and finance to other group companies.

Review of the business

Dividends of £7,500,000 were received during the year from the company's subsidiary companies (2020: 4,250,000). The loss for the financial year ended 31 December 2021 was £2,935,000 (2020: loss £2,483,000). At the year end the company had net assets of £75,622,000 (2020: £72,687,000). The directors are satisfied with the performance of the company for the year.

Principal risks and uncertainties

As the company holds several investments, the carrying value of these investments is the principal risk within the entity. Management carry out an annual assessment of carrying values in order to mitigate this risk and regularly consider the impact of group reorganisation projects or transactions.

The director has undertaken an impact assessment of the Covid-19 pandemic and is confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements (see Note 3 for further details).

Excluding financial risk considered in the Directors' report, at the date of signing the financial statements the directors are not aware of any further principal risks and uncertainties affecting the company.

By order of the Board



**M R Powell
Company Secretary
31 May 2022**

ERIKS UK HOLDINGS LIMITED

Directors' report for the year ended 31 December 2021

The directors present their report and audited financial statements of the company for the year ended 31 December 2021. Details of the company's financial risk management and details of the dividend paid are shown below.

Future developments

The Company will continue to act as an intermediate holding company and provider of management and treasury services within the SHV Group of companies and it is not envisaged that it will undertake any other form of business activity. A full business review for the SHV Group of companies is given in the financial statements of the ultimate holding company, SHV Holdings N.V.

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

AMJ Fitchford
DA Gillies

Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

Financial risk management

The principal risk that could potentially affect the company is credit risk, which relates to the loss that the company could incur if an obligor or counterparty defaulted on a loan. However, the Directors consider this risk to be minimal as all lending is to an affiliate company under a common ultimate parent (SHV Holdings N.V.).

Other risks relating to financing and funding are managed by the ERIKS Group Treasury department at ERIKS Group N.V. level. The directors of ERIKS UK Holdings Limited manage the Group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business.

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2020: nil)

Dividends proposed

No dividend was proposed or paid during the year (2020: nil proposed and paid)

Going Concern

At 31 December 2021 the company had net current liabilities of £196,638,000. The Directors have received an assurance of financial support from the company's subsidiaries, WYKO Holdings Ltd, ERIKS Industrial Services Ltd, WYKO Group Ltd, FPT Group Ltd and Lilleshall Ltd for a period of at least one year from the date of these financial statements and therefore believe that the company should be accounted for as a going concern (see Note 3).

Statement of disclosure of information to auditor

In the case of each director in office at the date the Directors' Report is approved, under section 418 of the Companies Act 2006 the following applies:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the Board



M R Powell
Company Secretary
31 May 2022

ERIKS UK HOLDINGS LIMITED

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the 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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities..

By order of the Board



M R Powell
Company Secretary
31 May 2022

Registered office
Seven Stars Road
Oldbury
West Midlands
B69 4JR

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ERIKS UK HOLDINGS LIMITED

Opinion

We have audited the financial statements of ERIKS UK Holdings Limited ("the company") for the year ended 31 December 2021 which comprise the *Profit and loss account, Statement of comprehensive income, Balance sheet, Statement of changes in equity* and related notes, including the summary of significant accounting policies in note 3.

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 profit or the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the ERIKS' policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Xavier Timmermans (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill, Snow Hill Queensway
Birmingham
B4 6GH
31 May 2022

ERIKS UK HOLDINGS LIMITED

Profit and loss account for the year ended 31 December 2021

| | Note | 2021 £000 | 2020 £000 |
|---|------|--------------|--------------|
| Gross result | | - | - |
| Administrative expenses | | (117) | (776) |
| Operating loss | 4 | (117) | (776) |
| Income from shares in group undertakings | | 7,500 | 4,250 |
| Net interest payable and similar charges | 6 | (5,459) | (7,330) |
| Profit / (loss) before taxation | | 1,924 | (3,856) |
| Tax credit on profit / (loss) | 7 | 1,011 | 1,373 |
| Profit / (loss) for the financial year | | 2,935 | (2,483) |

Statement of comprehensive income for the year ended 31 December 2021

| | Note | 2021 £000 | 2020 £000 |
|---|------|--------------|--------------|
| Profit / (loss) for the financial year | | 2,935 | (2,483) |
| Other comprehensive income for the year | | - | - |
| Total comprehensive profit / (loss) for the year | | 2,935 | (2,483) |

The above results all relate to continuing operations.

ERIKS UK HOLDINGS LIMITED

Balance sheet as at 31 December 2021

| | Note | 2021 £000 | 2020 £000 |
|--|------|----------------------|----------------------|
| Fixed assets | | | |
| Intangible fixed assets | 8 | - | - |
| Investments | 9 | <u>279,260</u> | <u>279,260</u> |
| | | <u>279,260</u> | <u>279,260</u> |
| Current assets | | | |
| Debtors: amount falling due within one year | 10 | 1,659 | 4,517 |
| Debtors: amounts falling due after more than one year | 10 | 102 | 114 |
| Cash at bank and in hand | | <u>23,798</u> | <u>32,770</u> |
| | | <u>25,559</u> | <u>37,401</u> |
| Creditors: amounts falling due within one year | 11 | <u>(222,197)</u> | <u>(243,974)</u> |
| Net current liabilities | | <u>(196,638)</u> | <u>(206,573)</u> |
| Total assets less current liabilities | | 82,622 | 72,687 |
| Creditors: amounts falling due after more than one year | 12 | (7,000) | - |
| Provisions for liabilities and charges | 13 | - | - |
| Net assets | | <u>75,622</u> | <u>72,687</u> |
| Capital and reserves | | | |
| Called up share capital | 14 | 75,000 | 75,000 |
| Profit and loss account | | <u>622</u> | <u>(2,313)</u> |
| Total shareholders' funds | | <u>75,622</u> | <u>72,687</u> |

The notes on pages 9 to 15 form part of these accounts.

The financial statements on pages 6 to 15 were approved by the Board of Directors on 31 May 2022 and were signed on its behalf by:



AMJ Fitchford
Director
31 May 2022

ERIKS UK Holdings Limited
Registered number 05975402

ERIKS UK HOLDINGS LIMITED

Statement of changes in equity

| | Notes | Called-up share capital £000 | Retained earnings £000 | Total £000 |
|---|-------|---------------------------------------|------------------------------|---------------|
| Balance at 1 January 2020 | | 75,000 | 170 | 75,170 |
| Loss for the year | | - | (2,483) | (2,483) |
| Other comprehensive income for the year | | - | - | - |
| Total comprehensive loss for the year | | - | (2,483) | (2,483) |
| Dividends | | - | - | - |
| Balance at 31 December 2020 | | 75,000 | (2,313) | 72,687 |
| Balance at 1 January 2021 | | 75,000 | (2,313) | 72,687 |
| Profit for the year | | - | 2,935 | 2,935 |
| Other comprehensive income for the year | | - | - | - |
| Total comprehensive profit for the year | | - | 2,935 | 2,935 |
| Dividends | | - | - | - |
| Balance at 31 December 2021 | | 75,000 | 622 | 75,622 |

ERIKS UK HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2021

1 General information

ERIKS UK Holdings Limited holds investments in and provides management and treasury services to other members of the ERIKS UK group.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Seven Stars Road, Oldbury West Midlands, B69 4JR.

2 Statement of compliance

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented unless otherwise stated. The company has prepared these financial statements in accordance with FRS 102.

Basis of Preparation

These financial statements are prepared on the going concern basis, under the historical cost convention.

Going Concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 1.

The company meets its day-to-day working capital requirements via its cash pooling arrangements with its fellow ERIKS UK subsidiary companies. As a result, the Company's funding requirements are directly linked to the UK Group's overall financial position. The UK cash pool is headed by the company, which is financed by a long-term group loan of £7 million arranged with the group's immediate holding company, ERIKS NV with a maturity date of 30 September 2024, an additional on-demand facility of up to £1.5 million with ERIKS NV due on 31 December 2022 and a net overdraft facility with HSBC of £4 million providing a net available cash balance within the cash pool at 31 December 2021 of £27.9 million and at 30 April 2022 of £24.1 million.

The directors have prepared a going concern assessment for the UK companies within the cash pool for a period of at least 12 months from the date of approval of these financial statements, which includes modelling severe but plausible financial scenarios that take into consideration the current economic environment. The base case forecast assumes a small level of growth in sales and profitability over that achieved during 2021. The downside forecasts take the actual results for Q1 2022 and model various scenarios of sales and margin reductions to the base case forecast from Q2 2022 to Q2 2023. The scenarios model turnover reductions reflecting the current economic outlook along with margin reductions reflecting the current input price pressures seen in the market. The company is working with all its trading partners to agree new pricing structures to mitigate the input cost increases experienced. All the scenarios modelled leave the UK companies with sufficient headroom.

The company has net assets of £75,622,000 but net current liabilities of £196,638,000 as at 31 December 2021. Notwithstanding the net current liability position, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors' opinion is dependent on the company's fellow subsidiary companies, WYKO Holdings Ltd, ERIKS Industrial Services Ltd, WYKO Group Ltd, FPT Group Ltd and Lilleshall Ltd not seeking repayment of the amounts currently due to them, which at 31 December 2021 amounted to £201,421,000. The fellow subsidiary companies have indicated that they do not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Consolidation

The company is a wholly owned subsidiary of SHV Holdings N.V., a company incorporated in The Netherlands, and as provided by S400 Companies Act 2006, is exempt from the preparation of group financial statements.

ERIKS UK HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2021 (continued)

Deferred taxation

Deferred tax arises from timing differences between taxable profits and total comprehensive income as stated in the financial statements. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are recognised to the extent that they are regarded recoverable and that there will be suitable taxable profits from which the future reversal can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax is measured on a non-discounted basis.

Foreign currencies

The company's functional and presentation currency is the pound sterling.

Transactions in foreign currencies are translated into sterling at the rate of exchange on the day of the transaction or at a contracted rate if it is covered by a forward contract. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling at the balance sheet date or, if appropriate, any forward contract rates. Exchange differences arising from these translations are taken to the profit and loss account.

Intangible assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software 3 - 7 years

Investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Cash flow statement

The Company's ultimate parent undertaking, SHV Holdings NV, includes the Company in its consolidated financial statements. The consolidated financial statements of SHV Holdings NV are prepared in accordance with Dutch Generally Accepted Accounting Principle and are available to the public and may be obtained from its registered office (note 17).

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and as the consolidated financial statements of SHV Holdings NV include the equivalent disclosures, the Company has applied the exemptions available under FRS 102 and has not prepared a cash flow statement.

Dividends

Dividends are recognised as a liability in the financial year in which they are approved or committed. These amounts are recognised in the statement of changes in equity.

4 Operating loss

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| <i>Operating loss is stated after charging / (crediting):</i> | | |
| Amortisation of intangible assets | - | - |
| Management fees for services provided by parent company | 4,743 | 2,397 |
| Management fees for services provided by other group companies | 240 | 1,371 |
| Income from management services provided | (3,616) | (2,880) |
| <i>Services provided by the company's auditor:</i> | | |
| Audit fees payable to the company's auditor | 7 | 7 |

ERIKS UK HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2021 (continued)

5 Directors and employees

The Company had no employees during the year (2020: none) and a maximum of 2 directors (2020: 2) during the year.

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| <i>Directors' remuneration:</i> | | |
| Salaries and other benefits | 79 | 76 |
| Highest paid director: | | |
| Aggregate emoluments excluding pension contributions | 43 | 41 |

None of the directors were employees of the Company and no director received any remuneration from the Company in either period. A proportion of the remuneration the Directors recharged from ERIKS Industrial Services Ltd is included above to reflect their duties as managers and directors of the Company.

None of the directors was a member of the WYKO Group Retirement Benefit Scheme, a defined benefit pension scheme (2020: none). Full details of this scheme are given in the financial statements of subsidiary undertaking ERIKS Industrial Services Ltd. The total pension contributions paid on behalf of the directors was £7,000 (2020: £6,000), of which £nil was paid to the defined benefit pension scheme (2020: nil).

6 Net interest payable and similar charges

| | 2021 £000 | 2020 £000 |
|--|-----------------|-----------------|
| Interest payable and similar charges | | |
| Interest on loans from immediate parent undertaking | (219) | (290) |
| Interest on loans from other Group companies | (11,504) | (10,929) |
| Exchange differences on currency denominated loans and bank balances | - | (567) |
| Losses on derivative financial instruments | (57) | - |
| Other financial charges | (61) | (62) |
| Total interest payable and similar charges | (11,841) | (11,848) |
| Interest receivable and similar income | | |
| Interest on loans to other Group companies | 5,566 | 4,402 |
| Bank interest received | 17 | 69 |
| Exchange differences on currency denominated loans and bank balances | 799 | - |
| Gains on derivative financial instruments | - | 47 |
| Total interest receivable and similar income | 6,382 | 4,518 |
| Net interest payable and similar charges | (5,459) | (7,330) |

7 Tax credit on loss

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| <i>Analysis of credit for the year:</i> | | |
| <i>Current tax:</i> | | |
| UK corporation tax credit on loss for the year | - | - |
| Amount payable by other group undertakings in respect of group relief | 1,023 | 1,378 |
| Adjustments in respect of previous years | - | - |
| Total current tax credit | 1,023 | 1,378 |
| <i>Deferred taxation:</i> | | |
| Origination and reversal of timing differences (Note 13) | (20) | (19) |
| Adjustment in respect of prior periods | (16) | - |
| Impact of change in tax rate | 24 | 14 |
| Tax on loss | 1,011 | 1,373 |

The tax credit assessed for the year is higher (2020: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2021 of 19.00% (2020: 19.00%).

ERIKS UK HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2021 (continued)

7 Tax credit on loss (continued)

The factors affecting tax credit for the year are:

| | 2021 £000 | 2020 £000 |
|---|--------------|--------------|
| Profit / (loss) before tax | 1,924 | (3,856) |
| Loss before tax at the standard rate of corporation tax 19.00% (2020: 19.00%) | (366) | 733 |
| Effects of: | | |
| Income not chargeable to tax | 1,425 | 807 |
| Transfer pricing adjustments | (56) | (181) |
| Tax rate changes | 24 | 14 |
| Adjustment to previous periods | (16) | - |
| Total tax credit for the year | 1,011 | 1,373 |

On 5 March 2021 it was announced that rate of UK Corporation would rise to 25 % from 1 April 2023. This rate increase was substantively enacted on 24 May 2021.

The effect this change would have had on the deferred tax balances is shown in note 13.

8 Intangible fixed assets

| | Software £000 | Total £000 |
|--|------------------|---------------|
| Cost: | | |
| At 1 January 2021 and 31 December 2021 | 880 | 880 |
| Amortisation: | | |
| At 1 January 2021 and 31 December 2021 | 880 | 880 |
| Net book value: | | |
| At 31 December 2021 | - | - |
| At 31 December 2020 | - | - |

9 Investments

| | |
|---|----------------|
| Investments in subsidiary undertakings | £000 |
| Cost at 1 January 2021 and 31 December 2021 | 282,851 |
| Provision at 1 January 2021 and 31 December 2021 | (3,591) |
| Net book amount: | |
| At 31 December 2020 and 31 December 2021 | 279,260 |

The company's principal subsidiaries, which are all 100% owned, are as follows:

| | Activity | Country of Incorporation |
|---|---------------------|-----------------------------|
| WYKO Holdings Limited | Holding Company | England |
| WYKO Group Limited | Holding Company | England |
| ERIKS Industrial Services Limited * | Industrial Services | England |
| ERIKS Industrial Services (Ireland) Limited * | Industrial Services | Ireland |

Subsidiaries marked * are held via intermediate holding companies
A full list of subsidiary undertakings is provided in note 18.

ERIKS UK HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2021 (continued)

| 10 Debtors | 2021 | 2020 |
|--|--------------|--------------|
| | £000 | £000 |
| Amounts falling due within one year: | | |
| Derivative financial instruments – note 15 | - | 51 |
| Amounts owed by immediate parent undertaking | 36 | 31 |
| Loans to other group undertakings | 600 | 1,450 |
| Amounts owed by other group undertakings | - | 1,601 |
| Group relief receivable from group undertakings | 1,023 | 1,383 |
| Other debtors | - | 1 |
| | <u>1,659</u> | <u>4,517</u> |
| Amounts falling due after more than one year: | | |
| Deferred taxation (note 13) | 102 | 114 |
| Total debtors | <u>1,761</u> | <u>4,631</u> |

The loans to other group undertakings accrue interest at an average rate of 2.58% per annum (2020: 2.91%) calculated quarterly in arrears and are unsecured and repayable on demand. The amounts owed by the company's immediate parent undertaking and other group undertakings are unsecured, interest free and are repayable on demand.

11 Creditors: amounts falling due within one year

| | 2021 | 2020 |
|--|----------------|----------------|
| | £000 | £000 |
| Bank overdraft | 6 | 5 |
| Derivative financial instruments – note 15 | 6 | - |
| Loan from immediate parent undertaking | 1,419 | 10,692 |
| Loans from other group undertakings | 218,165 | 232,551 |
| Amounts owed to other group undertakings | 2,540 | 603 |
| Corporation tax | 33 | - |
| Other creditors | 28 | 61 |
| Accruals and deferred income | - | 62 |
| | <u>222,197</u> | <u>243,974</u> |

The company has a short-term loan facility from its immediate parent undertaking which accrues interest at 2.59% (2020: 2.91%) calculated quarterly in arrears and are unsecured is repayable on demand

The loans from other group undertakings accrue interest at an average rate of 2.58% per annum (2020: 2.91%) calculated quarterly in arrears and are unsecured and repayable on demand.

The amounts owed to other group undertakings are unsecured, interest free and are repayable on demand.

12 Creditors: amounts falling due after more than one year

| | 2021 | 2020 |
|--|-------------|-------------|
| | £000 | £000 |
| Loan from immediate parent undertaking | 7,000 | - |

A £7 million loan from the company's immediate parent undertaking carries interest at 2.68% per annum and is repayable on 30 September 2024.

13 Provisions for liabilities

| | Deferred Taxation |
|------------------------------------|--------------------------|
| | £000 |
| At 1 January 2021 | - |
| Transferred from debtors | 114 |
| Debited to profit and loss account | (12) |
| | <u>102</u> |
| Transfer to debtors | (102) |
| At 31 December 2021 | <u>-</u> |

Full provision has been made for deferred taxation at 25% (2020: 19%) in respect of:

| | 2021 | 2020 |
|--------------------------------|-------------|-------------|
| | £000 | £000 |
| Fixed asset timing differences | 93 | 86 |
| Other timing differences | 9 | 28 |
| | <u>102</u> | <u>114</u> |

There are no other unrecognised deferred tax assets or liabilities as at 31 December 2021 (2020: nil).

ERIKS UK HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2021 (continued)

14 Called up share capital

| | Number | £000 |
|------------------------------|------------|--------|
| Allotted and fully paid | | |
| Ordinary shares of £1 each: | | |
| At 31 December 2020 and 2021 | 75,000,000 | 75,000 |

15 Financial instruments

The company has the following financial instruments:

| | 2021 £000 | 2020 £000 |
|--|--------------|--------------|
| Financial assets at fair value through profit or loss | | |
| - Derivative financial instruments | - | 51 |
| Financial assets that are debt instruments measured at amortised cost | | |
| - Amounts owed by immediate parent undertaking | 36 | 31 |
| - Loans to other group undertakings | 600 | 1,450 |
| - Amounts owed by other group undertakings | - | 1,601 |
| - Other debtors | - | 1 |
| | 636 | 3,083 |
| Financial liabilities measured at fair value through profit or loss | | |
| - Derivative financial instruments | 6 | - |
| Financial liabilities measured at amortised cost | | |
| Loans from immediate parent undertaking due within 1 year | 1,419 | 10,692 |
| Loans from immediate parent undertaking due after 1 year | 7,000 | - |
| Loans from other group undertakings | 218,165 | 232,551 |
| Amounts owed to other group undertakings | 2,540 | 603 |
| Other creditors | 28 | 61 |
| | 229,152 | 243,907 |

Derivative financial instruments

The company enters into forward currency contracts to mitigate the exchange risk for certain foreign currency balances within the UK group. At 31 December 2021, the maturing contracts all mature within 6 months (2020: 6 months) of the year end. The company is committed to buy € 1,100,000 (2020: € 1,200,000) and \$950,000 (2020: \$ nil) and to sell € 1,400,000 (2020: € nil) and \$ 1,200,000 (2020: \$ 1,500,000) and to pay / receive fixed amounts of sterling.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the forward exchange rates for GBP : EUR and GBP : USD and the equivalent rates at 31 December 2021.

The company has no interest rate derivative financial instruments (2020: none).

16 Related parties

The company has taken advantage of the exemption, allowed by paragraph 33.1A of FRS 102, not to disclose transactions and balances with related party undertakings which are wholly owned by the Group.

17 Ultimate parent company and controlling party

The company's immediate parent company and controlling party is ERIKS N.V., a company registered in the Netherlands.

The ultimate parent company and controlling party is SHV Holdings N.V. a company registered in the Netherlands.

The largest group in which the results of the Company are consolidated is that headed by SHV Holdings N.V. Copies of the financial statements of SHV Holdings N.V. may be obtained from the company at the following address:

SHV Holdings N.V.
Rijnkade 1
3511 LC Utrecht
The Netherlands

ERIKS UK HOLDINGS LIMITED

Notes to the financial statements for the year ended 31 December 2021 (continued)

17 Ultimate parent company and controlling party (continued)

The smallest group in which they are consolidated is that headed by ERIKS N.V., incorporated in The Netherlands.

Copies of the financial statements of ERIKS N.V. may be obtained from the company at the following address:

ERIKS N.V.
P.O. Box 19108
3501 LK Utrecht
The Netherlands.

18 Subsidiaries and related undertakings

The company had the following subsidiary and related undertakings at 31 December 2021 (all interests are 100% unless otherwise stated):

| <u>Company</u> | <u>Activity</u> | <u>Country of incorporation</u> |
|--|---------------------|-------------------------------------|
| WYKO Group Limited | Holding Company. | England |
| WYKO Holdings Limited | Holding Company | England |
| ERIKS Industrial Services Limited | Industrial Services | England |
| ERIKS Industrial Services (Ireland) Limited | Industrial Services | Ireland |
| WYKO Investments Limited | Holding Company | England |
| Lilleshall Limited | Holding Company | England |
| FPT Group Limited | Holding company | Scotland |
| WYKO International Limited | Holding Company | England |
| WYKO Overseas Holdings | Holding Company | England |
| Lilleshall Building Products Limited | Non-trading | England |
| ERIKS 10 Inc. | Non-trading | USA |
| ERIKS Realisations Limited | Non-trading | England |
| ERIKS WTT Limited | Non-trading | England |
| Brymill Limited | Dormant | England |
| Flexible Hose Supplies (Northampton) Limited | Dormant | England |
| FPT UK Limited | Dormant | England |
| Lilleshall International Holdings Limited | Dormant | England |

The interests in WYKO Group Limited and WYKO Holdings Limited are direct ownership. All other interests are indirect ownership.

The registered office addresses for the above companies are as follows:

Companies registered in:

| | |
|----------|--|
| England | Seven Stars Road, Oldbury, West Midlands, B69 4JR, UK |
| Scotland | Pegasus Court, Buccleuch Avenue, Hillington, Glasgow G52 4NR, UK |
| Ireland | 6 th Floor, 2 Grand Canal Street, Dublin 2, Ireland |
| USA | 428 Marilyn Lane, Alcoa, Tennessee 37701, USA |