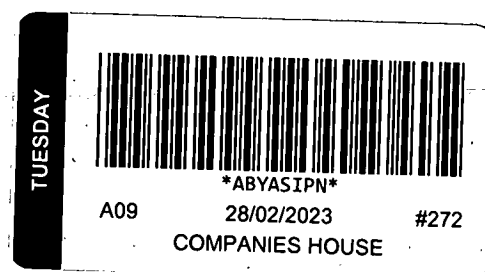


ACR UK HOLDINGS LTD

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**



ACR UK HOLDINGS LTD

COMPANY INFORMATION

Directors	D J Grierson F W Quinn
Registered number	08079257
Registered office	Unit 4 Ocivan Way Margate Kent England CT9 4NN
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 5 Benham Road Southampton Science Park Chilworth SO16 7QJ

ACR UK HOLDINGS LTD

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ACR UK HOLDINGS LTD

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Introduction

The strategic report for the year ended 31 December 2021 is set out below.

Business review

As shown in the group's profit and loss account, sales from continuing operations increased by 9.7% over the prior year.

Operating profit for the year was £4,661,597 (2020: £5,478,311).

The group's key measurement of the effectiveness of its operations is return on sales. The company achieved a return on sales of 10.7% (2020: 12.4%).

Return on sales provides a measure of profitability that shows how efficiently the organization is utilizing its resources in its operations.

Another key measure tracked by the group is the number of safety lost day incidents per year. The company had zero lost day incidents during 2021 (2020: 0).

Principal risks and uncertainties

Economic downturn

The principal risk to the business is a fall in demand for goods and services, whether due to loss of customers, a change in customer preferences or a decline in demand.

Other risks that the board consider important include information security (especially in light of GDPR), customer non payment, IT security, loss of key staff and pricing fluctuations resulting from market pressures.

Impact of COVID-19

From March 2020 onwards, there has been significant disruption to the world economy due to Covid-19. As the situation around Covid-19 is constantly evolving, in preparing our financial forecasts we have used our best estimate of key assumptions and judgements underlying the forecasted results. At the time of approval of these financial statements the impact of Covid 19 was known and the directors are pleased to note that the impact of Covid 19 in 2021 has been minimal and continued to be minimal in 2022.

ACR UK HOLDINGS LTD

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Brexit and other macro economic factors

The Group monitors and continues to monitor the impact Brexit may have on the Group. We have been in close contact with our distributors and customers to ensure we will have sufficient stock to manage any disruption in 2022-23. Brexit specifically has not had a significant impact on the group. In 2021 the group has experienced some supply chain issues preventing some entities meeting significant growth in demand for its product however these have been addressed and the directors look forward to report on those results in the financial statements for the year ended 31 December 2022.

The Group will continue to monitor macro economic issues such as labour mobility, cost increases and supply chain availability. The Group is not exposed to the current issues in Eastern Europe.

Health and safety risks

Responsibility for the delivery of world class safety standards is an integral part of the operational management accountability and the group's management are therefore expected to embrace a positive safety culture and to demonstrate leadership and commitment in the workplace. ACR Group's stated aim is to achieve zero injuries and to reduce health and safety risks, where they cannot be eliminated altogether, to a level which is "as low as reasonably practicable".

Timing of orders

The majority of the group's contracts are of a relatively short duration and, with the exception of framework contracts with key customers, do not usually cover multi year requirements. This means that an unmitigated delay in the receipt of key orders could affect earnings. Maximising order intake is therefore a key priority for the company.

Product development

ACR Group's approach to innovation and continued research and development activity ensures the product range is continually refreshed and updated.

Financial risks

The group's financing arrangements were included within ACR Group's overall facilities. ACR UK Holdings Ltd and its subsidiaries are part of a larger group with its ultimate parent entity in the Netherlands.

Financial key performance indicators

The key performance indicators measured by the group have been noted above in the business review.

Other key performance indicators

The other key performance indicators measured by the group have been noted above in the business review.

ACR UK HOLDINGS LTD

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Directors' statement of compliance with duty to promote the success of the Group

The Board of Directors consider that they have acted in good faith in a way that would be most likely to promote the success of the company for the benefit of its members as a whole in the decisions taken during the year ended 31 December 2021. The company is a holding company that owns certain operations of a larger group. Each year, each of the company's subsidiaries present an operating plan to management of the larger group, which includes the directors of the Company. The directors consider the long term consequences of the decisions and actions laid out in the annual plan. Additionally, the operating results, progress made against strategic initiatives, employee safety and other matters relating the members as a whole are reviewed monthly during the year.

- The plan was designed to have a long term beneficial impact on the company and its members and to contribute to its success by delivering high quality products and services, many of which keep people safe and help save lives. The plan supports initiatives to develop new products and services that are seen by our customers and business partners as a leading source of innovation and problem solving.

- Our employees are fundamental to the delivery of the Company's plan. The Company aims to be a responsible employer in its approach to pay and benefits for its employees. The health and safety of our employees is one of the primary considerations in the way the Company does business.

- The Company also aims to act responsibly and fairly in how it engages with its customers, suppliers and other stakeholders, all of which are integral to the successful delivery of the plan.

- The plan considers the impact of the Company's operations on the communities that it operates in, on the environment and its wider social responsibilities.

The Board of Directors intention is to behave responsibly and ensure that management operates the business in a responsible manner with high standards of business conduct and good governance, considering the need to act fairly between all members of the company.

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



D J Grierson
Director

Date: 27/2/2023

ACR UK HOLDINGS LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Principal activity

The company's principal activity is a holding company.

The principal activity of its subsidiaries is the design and manufacture of maritime and land terrestrial/satellite communications products used in the Search and Rescue ecosystem, plastic moulding and assembly of components for the sea safety market, provide aviation services and products to commercial and military customers, provide flight data and communication technology and the design and manufacture of flight data monitoring, flight following, satellite data link and voice communication equipment and services.

Results and dividends

The loss for the year, after taxation and minority interests, amounted to £528,544 (2020 - profit £73,075,023).

Dividends of £nil were paid during the year (2020: £71,071,516).

Directors

The directors who served during the year were:

D J Grierson
F W Quinn

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, 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 and profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ACR UK HOLDINGS LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Engagement with employees

The Group has a culture of continuous improvement through investment in people at all levels within the Group.

The Group is committed to pursuing equality and diversity in all its employment activities including recruitment, training, career development and promotion and ensuring there is no bias or discrimination in the treatment of people. In particular, applications for employment are welcomed from persons with disabilities, and special arrangements and adjustments as necessary are made to ensure that applicants are treated fairly when attending for interview or for pre employment aptitude tests.

Wherever possible the opportunity is taken to retrain people who become disabled during their employment in order to maintain their employment within the Group.

Going concern

In assessing whether the financial statements for the Group should be prepared on the going concern basis, the directors have considered the future outlook of the Group, including future operating profits, cash flows and facilities available to the Group, including the impact Covid 19 and wider macro-economic factors are expected to have on the cashflows and operations.

The principal risk to the business is a fall in demand for services, whether due to loss of customers or a decline in demand.

Other risks that the board consider important include information security (especially in light of GDPR), customer non payment, IT security, loss of key staff and pricing fluctuations resulting from market pressures.

At the time of approval of the Group's financial statements, the Directors do understand there are unprecedented market conditions driven by the current macro-economic environment and this combined with longer term impact on levels of economic activity, including Brexit, increases uncertainty and may have an impact on the ability to deliver the Group's forecasts. Having considered the Group's funding position and financial projections, the Directors have concluded these conditions do not indicate a significant doubt over the group's ability to continue as a going concern.

Further information on this is given in in note 2.4 to these financial statements. The directors are satisfied that the Company and Group will have sufficient funds to repay its liabilities as they fall due and adequate resources to continue in operational existence for the foreseeable future. Consequently, the financial statements of the Group are prepared on the going concern basis.

Matters covered in the strategic report

Key performance indicators, future developments and a business review for the year ended 31 December 2021 are disclosed in the Strategic Report as required by s414C(11).

Post balance sheet events

Purchase of trade and assets

On April 1, 2022, the Company's Skytrac subsidiary purchased the assets of Troo Corporation's aviation software business for US\$1.9 million. The business will be integrated into the Skytrac business.

ACR UK HOLDINGS LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Disclosure of information to auditor

The directors confirm that:

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

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



D J Grierson
Director

Date: 27/2/2023



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACR UK HOLDINGS LTD

Opinion

We have audited the financial statements of ACR UK Holdings Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Consolidated Statement of comprehensive income, the Consolidated and Company Statements of financial position, the Consolidated Statement of cash flows, the Consolidated and Company Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's 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 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the parent 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACR UK HOLDINGS LTD (CONTINUED)

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and of the parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group and the parent Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Group's and of the parent Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Group's and of the parent Company's financial resources or ability to continue operations over the going concern period.

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

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACR UK HOLDINGS LTD (CONTINUED)

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 Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 for the financial statements

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

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACR UK HOLDINGS LTD (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. 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).

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

- The Group is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. 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, and from inspection of legal and regulatory correspondence.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations in the UK.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - potential management bias in determining accounting estimates,
 - the accuracy and occurrence of revenues in particular around period end; and
 - journal entries that increased revenues or that reclassified costs from the income statement to the balance sheet.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACR UK HOLDINGS LTD (CONTINUED)

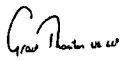
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
 - challenging assumptions and judgements made by management in its significant accounting estimates;
 - identifying and testing journal entries, with a focus on material manual journals and in particular any journal entries posted with unusual account combinations, that increased revenues or that reclassified costs from the income statement to the balance sheet and those posted directly to cash, debtors and creditors control accounts;
 - vouching the occurrence and accuracy of revenue to supporting evidence;
 - testing the completeness of the group's related party transactions through information obtained and testing that these transactions had a valid business purpose; and
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- We completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.
- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the client operates understanding of the legal and regulatory requirements specific to the entity.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACR UK HOLDINGS LTD (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.



Amanda James BFP ACA FCCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Southampton
Date: 27/2/2023

ACR UK HOLDINGS LTD

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	Continuing operations 2021 £	Dis- continued operations 2021 £	Total 2021 £	Continuing operations 2020 £	Discontinued operations 2020 £	Total 2020 £
Turnover	4	43,726,070	-	43,726,070	39,843,031	4,435,016	44,278,047
Cost of sales		(17,942,397)	-	(17,942,397)	(16,244,121)	(2,432,791)	(18,676,912)
Gross profit		25,783,673	-	25,783,673	23,598,910	2,002,225	25,601,135
Administrative expenses		(21,241,220)	-	(21,241,220)	(17,861,153)	(1,543,595)	(19,404,748)
Other operating charges		119,144	-	119,144	(716,126)	(1,950)	(718,076)
Operating profit	5	4,661,597	-	4,661,597	5,021,631	456,680	5,478,311
Interest receivable and similar income	8	-	-	-	-	37,105	37,105
Interest payable and expenses	9	(3,727,793)	-	(3,727,793)	(2,390,858)	(5,622)	(2,396,480)
Profit on disposal of subsidiary		-	-	-	71,166,010	-	71,166,010
Profit before taxation		933,804	-	933,804	73,796,783	488,163	74,284,946
Tax on profit	10	(1,613,013)	-	(1,613,013)	(964,294)	(294,732)	(1,259,026)
(Loss)/profit for the financial year		(679,209)	-	(679,209)	72,832,489	193,431	73,025,920
Foreign exchange movements on translation				371,831			5,083,663
Total comprehensiv e income for the year				(307,378)			78,109,583
(Loss)/profit for the year attributable to:							
Non-controlling interests		(150,665)	-	(150,665)	(49,103)	-	(49,103)

ACR UK HOLDINGS LTD

CONSOLIDATED PROFIT AND LOSS ACCOUNT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Owners of the
parent
Company

(528,544)	-	(528,544)	73,075,023	-	73,075,023
(679,209)	-	(679,209)	73,025,920	-	73,025,920

There were no recognised gains and losses for 2021 or 2020 other than those included in the consolidated profit and loss account.

The notes on pages 22 to 41 form part of these financial statements.

ACR UK HOLDINGS LTD
REGISTERED NUMBER:08079257

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Intangible assets	12		36,319,529		42,770,905
Tangible assets	13		1,778,276		1,843,630
			<u>38,097,805</u>		<u>44,614,535</u>
Current assets					
Stocks	15	4,454,817		4,039,739	
Debtors	16	12,086,090		10,519,425	
Cash at bank and in hand	17	9,033,749		3,481,108	
		<u>25,574,656</u>		<u>18,040,272</u>	
Creditors: amounts falling due within one year	18	(53,054,697)		(52,037,528)	
Net current liabilities			<u>(27,480,041)</u>		<u>(33,997,256)</u>
Total assets less current liabilities			<u>10,617,764</u>		<u>10,617,279</u>
Provisions for liabilities					
Deferred taxation	19	(1,951,676)		(1,631,439)	
			<u>(1,951,676)</u>		<u>(1,631,439)</u>
Net assets			<u><u>8,666,088</u></u>		<u><u>8,985,840</u></u>
Capital and reserves					
Called up share capital	21		4,701,830		4,701,830
Foreign exchange reserve	20		(3,303,901)		(3,675,732)
Profit and loss account	20		6,605,176		7,133,720
Non-controlling interests			662,983		826,022
			<u><u>8,666,088</u></u>		<u><u>8,985,840</u></u>

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



D J Grierson
Director

Date: 27/2/2023

The notes on pages 22 to 41 form part of these financial statements.

ACR UK HOLDINGS LTD
REGISTERED NUMBER:08079257

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Investments	14		66,252,775		66,252,775
			<u>66,252,775</u>		<u>66,252,775</u>
Current assets					
Debtors	16	171,442		312,405	
Cash at bank and in hand	17	2,576,485		289,019	
		<u>2,747,927</u>		<u>601,424</u>	
Creditors: amounts falling due within one year	18	(31,835,322)		(31,868,009)	
Net current liabilities			<u>(29,087,395)</u>		<u>(31,266,585)</u>
Net assets			<u>37,165,380</u>		<u>34,986,190</u>
Capital and reserves					
Called up share capital	21		4,701,830		4,701,830
Profit and loss account brought forward		30,284,360		2,217,583	
Profit for the year		2,179,190		99,130,683	
Other changes in the profit and loss account		-		(71,063,906)	
		<u></u>		<u></u>	
Profit and loss account carried forward			32,463,550		30,284,360
			<u>37,165,380</u>		<u>34,986,190</u>

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



D J Grierson
Director

Date: 27/2/2023

The notes on pages 22 to 41 form part of these financial statements.

ACR UK HOLDINGS LTD

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Foreign exchange reserve	Profit and loss account	Non- controlling interests	Total equity
	£	£	£	£	£
At 1 January 2020	4,701,830	(8,759,395)	5,130,213	723,665	1,796,313
Profit for the year	-	-	73,075,023	(49,103)	73,025,920
Foreign exchange movements on translation	-	5,083,663	-	151,460	5,235,123
Dividends: Equity capital	-	-	(71,071,516)	-	(71,071,516)
At 1 January 2021	4,701,830	(3,675,732)	7,133,720	826,022	8,985,840
Profit for the year	-	-	(528,544)	(150,665)	(679,209)
Foreign exchange movements on translation	-	371,831	-	(12,374)	359,457
At 31 December 2021	4,701,830	(3,303,901)	6,605,176	662,983	8,666,088

ACR UK HOLDINGS LTD

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	4,701,830	30,284,360	34,986,190
Profit for the year	-	2,179,190	2,179,190
At 31 December 2021	4,701,830	32,463,550	37,165,380

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	4,701,830	2,217,583	6,919,413
Profit for the year	-	99,130,683	99,130,683
Dividends: Equity capital	-	(71,063,906)	(71,063,906)
At 31 December 2020	4,701,830	30,284,360	34,986,190

The notes on pages 22 to 41 form part of these financial statements.

ACR UK HOLDINGS LTD

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	(679,209)	73,025,920
Adjustments for:		
Amortisation of intangible assets	6,391,116	6,272,077
Depreciation of tangible assets	711,025	999,967
Loss on disposal of intangible assets	-	221,570
Loss on disposal of tangible assets	-	(200,829)
Interest paid	3,727,793	2,396,480
Interest received	-	(37,105)
Taxation charge	1,613,013	1,259,026
(Increase) in stocks	(415,078)	(52,131)
Decrease/(increase) in debtors	470,875	(1,246,688)
Increase/(decrease) in creditors	1,032,549	(41,267,174)
Corporation tax (paid)	(1,628,392)	(2,437,931)
Foreign exchange movements on translation	(764,481)	4,094,281
Proceeds on disposal of subsidiary	-	(71,166,010)
Net cash generated from operating activities	10,459,211	(28,138,547)
Cash flows from investing activities		
Purchase of intangible fixed assets	(509,575)	(178,431)
Purchase of tangible fixed assets	(1,109,206)	(919,137)
Sale of tangible fixed assets	440,004	-
Interest received	-	37,105
Proceeds on disposal of subsidiary	-	95,738,086
Net cash outflow on disposal of subsidiary	-	(1,545,988)
Net cash from investing activities	(1,178,777)	93,131,635

ACR UK HOLDINGS LTD

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Cash flows from financing activities		
Dividends paid	-	(70,973,310)
Interest paid	(3,727,793)	(2,396,480)
Net cash used in financing activities	(3,727,793)	(73,369,790)
Net increase/(decrease) in cash and cash equivalents	5,552,641	(8,376,702)
Cash and cash equivalents at beginning of year	3,481,108	11,857,810
Cash and cash equivalents at the end of year	9,033,749	3,481,108
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	9,033,749	3,481,108
	9,033,749	3,481,108

The notes on pages 22 to 41 form part of these financial statements.

ACR UK HOLDINGS LTD

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	3,481,108	5,552,641	9,033,749
	-	-	-
	<u> </u>	<u> </u>	<u> </u>

The notes on pages 22 to 41 form part of these financial statements.

ACR UK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

ACR UK Holdings Ltd is a limited liability company incorporated in England and Wales. The registered office is Unit 4 Ocivan Way, Margate, Kent, England, CT9 4NN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared 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 Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

Parent Company disclosure exemptions

In preparing the separate financial statements of the parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent Company as their remuneration is included in the totals for the Company as a whole.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The parent 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 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of ACR Group Coöperatief U.A. as at 31 December 2021 and these financial statements may be obtained from Pesetastraat 5, 2991 Xt Barendrecht, Netherlands.

2.3 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

ACR UK HOLDINGS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.4 Going concern

The Group reported losses for the year of £0.7m and net current liabilities of £27.4m, net assets of £8.7m and a cash inflow for the year of £5.6m.

As at 31 December 2021 the Group's financing arrangements consisted of intra-group loans of £47.7m. The Group also held £9.0m of readily available cash in bank accounts. The Group's forecasts and projections, taking into account reasonably possible changes in trading performance show that the Group will be able to operate for a forecast period of at least 12 months from the approval date of these financial statements. Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

In drawing a conclusion on the company's ability to continue as a going concern, the Directors have assessed the financial risks to the organisation. ACR UK Holdings is likely to be impacted by the current volatility of the worldwide economy and by reduced trade flows caused by the measures still in place to limit the spread of the virus in some countries around the world. As explained in the Strategic report, reduced customer demand and our ongoing ability to meet that demand have been identified as areas of risk. However the impact of Covid-19 in 2022 has been minimal and the same is expected for future periods.

The Directors have prepared detailed profit and loss and cash flow forecasts in to 2023 on a cautiously realistic basis. This takes into account the performance already seen in 2022 as a result of minimal impact from Covid-19 but some sensitivity in respect of supply chain and cost base increases. The group is in a position to flex certain costs, including headcount, travel, etc. in response to unfavorable variation in revenue. It is also assumed that customers will continue to pay to agreed terms in the normal manner, as there have been no changes to terms and conditions operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

ACR UK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue 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 revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

ACR UK HOLDINGS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated profit and loss account over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

All intangible assets are amortised on a straight line basis over a 10 - 20 year period.

2.7 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

ACR UK HOLDINGS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.7 Tangible fixed assets (continued)**

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.

Depreciation is provided on the following basis:

Long term leasehold property	- over 8-10 years
Plant and machinery	- over 5 years
Motor vehicles	- over 5 years
Fixtures and fittings	- over 8-10 years
Computer equipment	- over 3-5 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.

2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 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 first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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.

2.10 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.

2.11 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.12 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of

ACR UK HOLDINGS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.12 Financial instruments (continued)**

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 ordinary shares.

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

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 Consolidated Profit and loss.

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 Group would receive for the asset if it were to be sold at the reporting date.

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

2.13 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.

ACR UK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 that relate to borrowings and cash and cash equivalents are presented in the Consolidated profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.15 Dividends

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

2.16 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group 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 Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Interest income

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

ACR UK HOLDINGS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.18 Current and deferred 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 reporting date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.19 Warranty provision

A subsidiary in the group accrues for warranty expenditure at a rate of 1.50% based on sales during the period which also considers the period of warranty given on the product range.

ACR UK HOLDINGS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

The preparation of these financial statements requires management to note judgements and estimates that affect the reported amount of assets and liabilities at the balance sheet date and the reported profits during the financial year.

The following judgements and estimates have been made in these financial statements:

Useful economic life of intangible assets

Management have provided in these financial statements the estimated life of the acquired intangible assets and Goodwill.

Useful economic life of tangible assets

Management have provided in these financial statements the estimated residual value and useful economic life of tangible fixed assets.

Provision for doubtful debts.

Management have provided in these financial statements the estimated allowance for doubtful debts and the provision for slow moving and obsolete stock.

Defined benefit pension obligation

The value of the obligations in respect of the defined benefit pension plan operated by the company are based on judgements, assumptions and calculations made by independent actuaries.

Warranty Provision

The group estimates the size of warranty provision required on some of the products that it sells. The provision is based on an average of historic experience of returns which currently equates to 1.5%.

4. Turnover

The whole of the turnover is attributable to the principal activity of the group.

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	4,123,680	3,275,871
Rest of Europe	11,473,853	10,182,953
Rest of the World	28,128,537	30,819,223
	<u>43,726,070</u>	<u>44,278,047</u>

ACR UK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**5. Operating profit**

The operating profit is stated after charging:

	2021 £	2020 £
Research & development charged as an expense	3,274,154	2,645,812
Depreciation of tangible fixed assets	711,025	731,274
Amortisation of intangible fixed assets, including goodwill	6,391,116	6,000,117
Exchange differences	47,061	831,233
Other operating lease rentals	693,903	598,547
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2020: £Nil).

6. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	35,000	39,500
Fees payable to the group's auditor and its associates for the audit of the group's annual accounts		
- group	93,320	76,100
Other services relating to taxation	148,130	56,500
	<u> </u>	<u> </u>

ACR UK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

7. Employees

Staff costs were as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	8,013,922	8,881,145	-	-
Social security costs	345,264	326,706	-	-
Cost of defined contribution scheme	741,271	520,455	-	-
	9,100,457	9,728,306	-	-

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

	2021 No.	2020 No.
	191	173

The Company has no employees other than the directors, who did not receive any remuneration (2020 - £Nil).

8. Interest receivable

	2021 £	2020 £
Other interest receivable	-	37,105

9. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	20,813	5,622
Interest payable on loans from group undertakings	3,706,980	2,382,858
Other interest payable	-	8,000
	3,727,793	2,396,480

ACR UK HOLDINGS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	1,613,013	1,911,767
Adjustments in respect of previous periods	-	(338,581)
Deferred tax		
Origination and reversal of timing differences	-	(314,160)
Taxation on profit on ordinary activities	<u>1,613,013</u>	<u>1,259,026</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>933,804</u>	<u>74,284,946</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	177,423	14,114,140
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	1,214,312	1,191,695
Expenses not deductible for tax purposes	17,893	76,027
Income not subject to tax	-	(14,163,500)
Adjustments to tax charge in respect of prior periods	-	(338,581)
Other timing differences leading to an increase (decrease) in taxation	203,385	379,245
Total tax charge for the year	<u>1,613,013</u>	<u>1,259,026</u>

Factors that may affect future tax charges

Increases in the UK Corporation tax rate from 19% to 25% will occur in future accounting periods (19% effectively from 1 April 2017, and 25% effectively from 1 April 2023). The increase was not substantively enacted at the balance sheet. This will impact the UK companies' future tax charge accordingly.

ACR UK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Dividends

	2021 £	2020 £
Dividends paid	-	71,071,516

12. Intangible assets

Group

	Patents £	Developed technology £	Trade names & trademarks £	Goodwill £	Total £
Cost					
At 1 January 2021	835,021	4,242,777	2,508,121	54,687,214	62,273,133
Additions	33,132	476,443	-	-	509,575
Foreign exchange movement	2,545	(64,630)	(41,087)	(587,050)	(690,222)
At 31 December 2021	870,698	4,654,590	2,467,034	54,100,164	62,092,486
Amortisation					
At 1 January 2021	456,405	1,353,547	402,120	17,290,156	19,502,228
Charge for the year on owned assets	131,832	681,393	167,874	5,410,017	6,391,116
Foreign exchange movement	(6,119)	21,244	41,087	(176,599)	(120,387)
At 31 December 2021	582,118	2,056,184	611,081	22,523,574	25,772,957
Net book value					
At 31 December 2021	288,580	2,598,406	1,855,953	31,576,590	36,319,529
At 31 December 2020	378,616	2,889,230	2,106,001	37,397,058	42,770,905

ACR UK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13. Tangible fixed assets

Group

	Long term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 January 2021	1,560,066	3,950,570	83,123	413,149	1,225,421	7,232,329
Additions	162,192	554,872	-	155,802	236,340	1,109,206
Disposals	(455,323)	(792,503)	(79,352)	-	(54,838)	(1,382,016)
Exchange adjustments	(20,236)	(31,443)	(3,771)	907	242	(54,301)
At 31 December 2021	<u>1,246,699</u>	<u>3,681,496</u>	<u>-</u>	<u>569,858</u>	<u>1,407,165</u>	<u>6,905,218</u>
Depreciation						
At 1 January 2021	604,380	3,481,771	71,620	285,780	945,148	5,388,699
Charge for the year on owned assets	88,306	421,810	8,953	82,338	109,618	711,025
Disposals	(119,593)	(718,934)	(77,323)	-	(26,162)	(942,012)
Exchange adjustments	(3,797)	(25,665)	(3,250)	656	1,286	(30,770)
At 31 December 2021	<u>569,296</u>	<u>3,158,982</u>	<u>-</u>	<u>368,774</u>	<u>1,029,890</u>	<u>5,126,942</u>
Net book value						
At 31 December 2021	<u>677,403</u>	<u>522,514</u>	<u>-</u>	<u>201,084</u>	<u>377,275</u>	<u>1,778,276</u>
At 31 December 2020	<u>955,686</u>	<u>468,799</u>	<u>11,503</u>	<u>127,369</u>	<u>280,273</u>	<u>1,843,630</u>

ACR UK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	66,252,775
At 31 December 2021	66,252,775
Net book value	
At 31 December 2021	66,252,775
At 31 December 2020	66,252,775

ACR UK HOLDINGS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Ocean Signal Limited	England and Wales	Design and production of marine communication products	Ordinary	100%
Skytrac Systems Limited	Canada	Flight data and communication technology	Ordinary	94%
Flight Data Systems Pty Limited	Australia	Aviation services and products	Ordinary	100%
Flight Data Systems Limited	England and Wales	Aviation services and products	Ordinary	100%
ACR Electronics Australia Pty Limited	Australia	Intermediate holding company	Ordinary	100%

Flight Data Systems Limited (registered number 08182992) was entitled to exemption from the requirements of the Companies Act 2006 relating to the audit of its individual accounts by virtue of s479A of the Act relating to subsidiary companies.

ACR UK Holdings Limited has given a guarantee under s479C in respect of the year ended 31 December 2021 and this entity is included in these consolidated accounts.

The subsidiary entity has filed a written notice of the agreement of members, a statement of guarantee and a copy of these consolidated accounts together with their own individual financial statements.

15. Stocks

	Group 2021 £	Group 2020 £
Raw materials and consumables	4,006,228	2,692,298
Finished goods and goods for resale	448,589	1,347,441
	<u>4,454,817</u>	<u>4,039,739</u>

ACR UK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**16. Debtors**

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	5,075,929	8,532,780	-	-
Amounts owed by group undertakings	3,825,427	679,870	171,442	-
Other debtors	430,272	28,594	-	-
Prepayments and accrued income	599,142	1,160,401	-	143,996
Tax recoverable	2,155,320	117,780	-	-
Deferred taxation	-	-	-	168,409
	12,086,090	10,519,425	171,442	312,405

17. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	9,033,749	3,481,108	2,576,485	289,019

18. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade creditors	2,591,754	2,328,108	-	-
Amounts owed to group undertakings	47,808,473	47,263,370	31,833,468	31,868,009
Corporation tax	538,150	553,529	-	-
Other taxation and social security	33,695	306,063	-	-
Other creditors	20,072	-	-	-
Accruals and deferred income	2,062,553	1,586,458	1,854	-
	53,054,697	52,037,528	31,835,322	31,868,009

The majority of the loans due to parent undertaking comprise loans received for the purchase of subsidiaries.

The loan is unsecured and has no fixed repayment date. The loan attracts an interest rate of 5%.

19. Deferred taxation

ACR UK HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

19. Deferred taxation (continued)

Group

	2021 £	2020 £
At beginning of year	(1,631,439)	(1,945,599)
Charged to profit or loss	(320,237)	314,160
At end of year	(1,951,676)	(1,631,439)

Company

	2021 £	2020 £
At beginning of year	168,409	168,409
Charged to profit or loss	(168,409)	-
At end of year	-	168,409

The provision for deferred taxation is made up as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Timing differences	(1,951,676)	(1,631,439)	-	168,409

20. Reserves

Foreign exchange reserve

The foreign translation reserve relates to the foreign exchange movement on translation of entities which have a different functional currency to the presentational currency.

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses.

Non-controlling interests

Non-controlling interests includes the share of net assets attributed to management whom hold a 6% shareholding in Skytrac Systems Limited.

ACR UK HOLDINGS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

21. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
4,701,830 (2018: 4,701,830) Ordinary shares of £1 each	4,701,830	4,701,830

Ordinary shares carry full voting, dividend and capital distribution, including on winding up, rights and are not redeemable.

22. Pension commitments

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contribution payable are charged to the profit and loss accounts and amounts payable in the year were £741,271 (2020: £520,455). There were contributions outstanding of £16,336 (2020: £28,355) at the year end.

23. Commitments under operating leases

At 31 December 2021 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £
Not later than 1 year	502,959	658,200
Later than 1 year and not later than 5 years	1,080,575	1,724,084
	1,583,534	2,382,284

24. Related party transactions

The group is exempt under FRS 102 paragraph 33.1A from disclosing any transactions or balances between wholly owned group entities that have been eliminated on consolidation.

25. Post balance sheet events**Purchase of trade and assets**

On April 1, 2022, the Company's Skytrac subsidiary purchased the assets of Troo Corporation's aviation software business for US\$1.9 million. The business will be integrated into the Skytrac business.

ACR UK HOLDINGS LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

26. Controlling party

The group and company's immediate and ultimate parent undertaking and controlling party is ACR Group Cooperatief UA.

ACR Group Cooperatief UA is the smallest and largest group to consolidate ACR UK Holdings Ltd.