

Registered number: SC050397

JOHN DAVIDSON (PIPES) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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JOHN DAVIDSON (PIPES) LIMITED

COMPANY INFORMATION

Directors	D Rickards S A Haspéslagh
Company secretary	Iain McGuinness
Registered number	SC050397
Registered office	Registered Office Kintore Inverurie Aberdeenshire Scotland AB51 0YQ
Independent auditors	Nortons Assurance limited Chartered Accountants and Statutory Auditor Highlands house Basingstoke Road Spencers Wood Reading Berkshire RG7 1NT

JOHN DAVIDSON (PIPES) LIMITED

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JOHN DAVIDSON (PIPES) LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The directors present the Strategic Report of John Davidson (Pipes) Limited ('the Company') for the year ended 31 December 2021.

Business review and future developments

The Company has achieved a strong result for the year to 31 December 2021. Significant increases in sales revenue have been driven by product inflation as a result of high demand and disrupted supply chains. Operating profit increased from £1,667,000 to £7,159,000 and Profit before tax increased from £1,544,000 to £6,977,000.

The Company has net assets of £20,711,000 (2019: £15,177,000).

The directors believe that the Company has benefited from a diverse customer base in building, construction, and agricultural markets both online and offline.

Key areas of strategic development and performance of the business include:

- Sales and marketing: new and replacement business is being won continually; new markets have been developed in line with the Group's (Tessenderlo Chemie NV Group in which the Company is party to) strategy; key customer relationships are monitored on a regular basis.

- Manufacturing in the parent company: new products continue to be developed for both existing and development markets; production efficiencies have been gained and new initiatives for process and efficiency improvements are constantly being developed. The Company benefits from an exclusive position bringing these developments to the UK market as appropriate.

- Training and staff development are considered key to the success of the business.

- Health and Safety: accident and absenteeism rates are under constant review and John Davidson (Pipes) Limited and other fellow group companies ('Group') to seek ways of ensuring that a safe and healthy working environment is progressively improved.

- Competitive advantage: the Group focuses on areas where it has a competitive advantage including systems to aid sustainability in drainage and pollution control. These activities are significant areas of growth and concern in the business environment.

JOHN DAVIDSON (PIPES) LIMITED

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

Principal risks and uncertainties

The principal risks and uncertainties affecting the business include the following:

- Raw material availability and prices particularly for plastic polymers can have a strong effect on our cost prices both from our Group factories and third party suppliers. Such increases have been very apparent in the period under review and can challenge the Company to maintain margins with resistant customers by passing these through to the market.
- Debtors: the Company maintains strong relationships with each of its key customers and has established credit control parameters. Appropriate credit terms are agreed with all customers and these are closely managed.
- Competitive risk: the Company operates in highly competitive markets. Product innovations or technical advances by competitors could adversely affect the Company. The diversity of operations reduces the possible effect of action by any single competitor.
- Brexit: the exit of the United Kingdom from the European Union on 31 January 2020 passed with minimal impact to the business operation. We continue to monitor the impact as we work to ensure that impact remains negligible following the European Union Trade Agreement that ended on 31 December 2020. The principle risk being cost increases on transport for imported product and disruption to supply chains.
- COVID-19: any further lockdowns due to Covid represents a risk to the business if construction is unable to work normally. High levels of infections leading to increased absenteeism in the business could impact the business' ability to service its customers.
- Foreign exchange risk – The Company's risk relates primarily to its operating activities where the revenue or exposure is denominated in a currency other than the functional currency of the entity undertaking the transaction.
- Credit risk – The principal credit risk arises from our trade debtors. We mitigate this threat with trade credit insurance. Significant importance is given to the management of credit risk and regular meetings are held to review amounts outstanding.
- Liquidity risk – the risk that the company will not be able to meet its financial obligations as they fall due.
- Cyber threat & data security – incidents of sophisticated cyber-crime represent a significant and increasing threat to all businesses. We are looking to meet this with increased investment in appropriate technology and enhanced control processes.
- Invasion of Ukraine: Impact on supply chain resulting in short-term delays. Against the backdrop of rising tensions with Russia, particularly as it relates to Russia's actions in Ukraine, and the ongoing sanctions announced by the United States, the United Kingdom and the European Union against Russia, the Company has reviewed the associated risks this causes for the business, its operations, and financial condition.
- Imports and Exports – The Company had no sales to Russia for the year ended 31 December 2021. The company continues to actively monitor new sanctions but as at the time of this report the company has not been impacted to any sanctions.
- Supply Chain – The Company faces immediate challenges for imported products as a result of the conflict within Europe. The company continue to actively monitor the impact on UK operations.
- Currency – The Company faces limited exposure as a result of no historic sales in Russia, however the invasion has negatively impacted foreign exchange rates. The group does not expect any immediate challenges.

JOHN DAVIDSON (PIPES) LIMITED

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

The Directors note the situation continues to be rapidly evolving and the Directors continues to monitor the latest developments, but a significant amount of uncertainty remains present at the time of this report.

Financial key performance indicators.

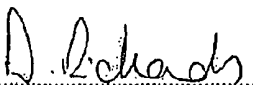
Key financial performance indicators include the monitoring of the management of profitability and working capital.

	2021	2020	Measure
Financial			
Return on Capital	34%	10%	Profit before tax/net assets
Current Ratio	2.4	2.3	Current assets/current liabilities
Stock turnover	6.2	4.5	Cost of sales/inventories
Days Debtors	43	52	Trade debtors/turnover
Days Creditors	44	59	Trade creditors/cost of sale
Sales per employee (£000)	£336	£233	Turnover/average number of employees
Operating profit per employee (£000)	£32	£8	Operating profit/average number of employees
Non-Financial			
Number of Branches	26	26	

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

The JDP Leadership Team hold regular meetings with the Senior Management Team to ensure that feedback from employees, customers and our supplier base are reported back in a timely manner.

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



D Rickards
Director

Date: 27/08/2022

JOHN DAVIDSON (PIPES) LIMITED

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.

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £5,534 thousand (2020 - £1,200 thousand).

No dividends will be distributed for the year ended 31 December 2021 (2020 - none).

Directors

The directors who served during the year were:

D Rickards
S A Haspelagh

Going concern

The outlook for the markets in which the Company operates continues to be challenging and we continue to focus on developing and growing the sales and profitability of the business. Further detail on the future development of the business is included in the Strategic Report on page 1.

JOHN DAVIDSON (PIPES) LIMITED

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

Engagement with suppliers, customers and others

The Leadership Team of John Davidson (Pipes) Limited (JDP) considers the ongoing engagement of its key stakeholders to be of primary importance. Formal and informal methods of communication are used to ensure that stakeholder groups are kept regularly informed of material matters that will affect them in both the long and short term.

During the COVID-19 crisis we have had to adapt our ways of working to the prevailing circumstances with digital media playing a vital role in maintaining contact with our stakeholders where face to face relationships are not possible.

The following stakeholder groups according to Section 172(1) of the Companies Act 2006 were identified as relevant for JDP.

Employees

The loyalty, commitment, experiences, and skills of its employees are instrumental in the Company's ability to deliver its future business strategy. Communication of Health and Safety product training, Company Strategy, short-, medium- and long-term targets and performance are communicated on a regular basis both formally and informally using the following channels:

- Companywide presentations of JDP's strategy and budget at the start of the financial year to set clear direction and goals;
- Online training system delivering new modules and updates;
- Monthly communication of wider and long term group strategy, initiatives and results using digital media;
- In-house printed news bulletin, The Davy Mail and online portal 'Compass';
- Informal regular visits by the LT to all locations, at least 2 times per year;
- Daily sales performance updates to all customer facing and operational teams;
- Monthly updates on new and departing colleagues;
- Regular visits to all JDP sites throughout the year by the management team;
- JDP on-boarding process for new members of staff.

Customers

JDP has a broad range of customers spanning a number of Industry Segments. The Company employs both traditional face to face and digital platforms to communicate relevant information with customer intimacy as the goal.

These include:

- Regular direct contact through our branches and external and internal sales teams to communicate JDP offers and initiatives but also to gain customer insight to inform our customer development programs;
- Indirect contact, through traditional marketing communications or digital social media channels including LinkedIn, Facebook and Twitter;
- Website resources showcasing JDPs specialism and knowledge base;

JOHN DAVIDSON (PIPES) LIMITED

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

- Technical support and expertise available as an added value service to JDP key customers;
- Recency and Frequency modelling to monitor customer spending patterns and inform our sales and marketing plans.

Suppliers

JDP sees suppliers as a key component of its supply chain and selects them with a view to long term, trusting partnerships where possible. Selection is based on a desire for the continuity of supply, quality, value for money and excellent service.

As a key stakeholder group the Company invests significant time in fostering cooperative but robust relationships through regular contact including day to day trading discussions and more formal annual, quarterly or monthly performance reviews. To ensure our goals are met each supplier is scored each month on a series of measures including, availability, commercial communications and delivery quality.

Community

JDP takes its role within the 26 communities in which it operates seriously. Community engagement is recognised as important to employees and those communities alike. JDP seeks to recruit locally, retain a skilled local workforce, build relationships with local organisations and to support charitable initiatives and events where it can. Any change in activity or operations which may have an impact on the local community is fully considered and assessed.

Industry engagement

Through engagement with Water Authorities and other legislative authorities JDP both advise and seek advice to ensure products and services are not only fit for purpose, but also lead the way in driving sustainability and health and safety within construction.

JDP provide CPD training to consultants and architects on new legislation and products that meet changing industry needs and challenges.

Matters covered in the strategic report

The Company has chosen in accordance with Companies Act 2006, s. 414C (11) to set out in the strategic report information required by The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of risk and uncertainties and financial risk management objectives and policies.

Disclosure of information to auditors

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

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

Post balance sheet events

There have been no significant events affecting the Company since the year end.

JOHN DAVIDSON (PIPES) LIMITED

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

Auditors

The auditors, Nortons Assurance limited, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

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



D Rickards
Director

Date: 27/09/2022

JOHN DAVIDSON (PIPES) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JOHN DAVIDSON (PIPES) LIMITED

Opinion

We have audited the financial statements of JOHN DAVIDSON (PIPES) LIMITED (the 'Company') for the year ended 31 December 2021, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

JOHN DAVIDSON (PIPES) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JOHN DAVIDSON (PIPES) LIMITED
(CONTINUED)

Fraud and breaches of laws and regulations – ability to detect

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

We have nothing to report in this regard.

Strategic report and directors' report

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

JOHN DAVIDSON (PIPES) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JOHN DAVIDSON (PIPES) LIMITED
(CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework including the Companies Act 2006 and the relevant tax compliance regulations in the UK.
- We understood how the Company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was a susceptibility to fraud. We considered the controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud and error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraphs above. Our procedures involved journal entry testing, with a focus on journals indicating large or unusual transactions based on our understanding of the business, enquiries of Company management, and focused testing. In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards and UK legislation.

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 Auditors' Report.

JOHN DAVIDSON (PIPES) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JOHN DAVIDSON (PIPES) LIMITED
(CONTINUED)

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 Auditors' 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.



Anthony Campbell (Senior Statutory Auditor)

for and on behalf of
Nortons Assurance limited

Chartered Accountants and Statutory Auditor

Highlands house
Basingstoke Road
Spencers Wood
Reading
Berkshire
RG7 1NT

28 September 2022

JOHN DAVIDSON (PIPES) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Turnover	4	76,029	51,188
Cost of sales		(51,667)	(36,884)
Gross profit		24,362	14,304
Distribution costs		(9,612)	(7,910)
Administrative expenses		(7,591)	(5,774)
Other operating income	5	-	1,047
Operating profit	6	7,159	1,667
Interest receivable and similar income	10	6	9
Interest payable and similar expenses	11	(188)	(132)
Profit before tax		6,977	1,544
Tax on profit	12	(1,443)	(344)
Profit for the financial year		5,534	1,200

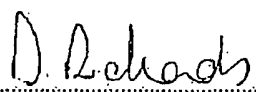
The notes on pages 15 to 29 form part of these financial statements.

JOHN DAVIDSON (PIPES) LIMITED
REGISTERED NUMBER: SC050397

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	13	67	115
Tangible assets	14	1,646	1,642
		<u>1,713</u>	<u>1,757</u>
Current assets			
Stocks	15	8,312	8,121
Debtors	16	23,676	15,695
Cash at bank and in hand	17	187	261
		<u>32,175</u>	<u>24,077</u>
Creditors: amounts falling due within one year	18	(13,177)	(10,657)
Net current assets		<u>18,998</u>	<u>13,420</u>
Total assets less current liabilities		<u>20,711</u>	<u>15,177</u>
Net assets		<u>20,711</u>	<u>15,177</u>
Capital and reserves			
Called up share capital	21	10	10
Profit and loss account	22	20,701	15,167
		<u>20,711</u>	<u>15,177</u>

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



D Rickards
Director

Date: 27/08/2022

The notes on pages 15 to 29 form part of these financial statements.

JOHN DAVIDSON (PIPES) LIMITED

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

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2020	10	13,967	13,977
Profit for the year	-	1,200	1,200
At 1 January 2021	10	15,167	15,177
Profit for the year	-	5,534	5,534
At 31 December 2021	10	20,701	20,711

The notes on pages 15 to 29 form part of these financial statements.

JOHN DAVIDSON (PIPES) LIMITED

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

1. General information

John Davidson (Pipes) Limited ('the company') is a private company, limited by shares, registered in Scotland and is incorporated and domiciled in the United Kingdom under the Companies Act 2006. The principal activities of the company have been disclosed in the directors' report.

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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Tessenderlo NV as at 31 December 2021 and these financial statements may be obtained from its registered office, at Headquarters, Rue du Trône 130, B-1050 Brussels. The latest annual report can be obtained from <https://www.tessenderlo.com/en..>

JOHN DAVIDSON (PIPES) LIMITED

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

2. Accounting policies (continued)

2.3 Going concern

No material uncertainties that may cast doubt about the ability of the Company to continue as a going concern have been identified by the directors, therefore, the accounts have been prepared on a going concern basis.

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries.

The uncertainty as to the future impact on the Company of the COVID-19 outbreak has been considered as part of the Company's adoption of the going concern basis. Thus far, there have not been any material impact on going concern status due to COVID-19, with the directors considering that the revenue is steady and in place for the foreseeable future along with the significant retained earnings and cash held throughout the period.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP and balances are rounded to the nearest whole 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.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company 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 Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

JOHN DAVIDSON (PIPES) LIMITED

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

2. Accounting policies (continued)

2.6. Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Interest income

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

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.10 Pensions

Defined contribution pension plan

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

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

JOHN DAVIDSON (PIPES) LIMITED

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

2. Accounting policies (continued)

2.11 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 balance sheet date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

2.12 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.

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.

The estimated useful lives range as follows:

Computer Software	3 - 5 years
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2.13 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.

JOHN DAVIDSON (PIPES) LIMITED

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

2. Accounting policies (continued)

2.13 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:

Freehold property	- 30 years (Land is not depreciated)
Long-term leasehold property	- Shorter of 30 years and term of lease
Plant and machinery	- 4 years
Motor vehicles	- 4 years
Fixtures and fittings	- 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.

2.14 Stocks

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

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

2.15 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.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 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.

JOHN DAVIDSON (PIPES) LIMITED

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

2. Accounting policies (continued)

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.19 Financial instruments

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

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

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

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

In the application of the Company's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods.

JOHN DAVIDSON (PIPES) LIMITED

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

4. Turnover

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

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	76,029	51,188
	<u>76,029</u>	<u>51,188</u>

All turnover arose within the United Kingdom:

5. Other operating income

	2021 £000	2020 £000
Other operating income	-	1,047
	<u>-</u>	<u>1,047</u>

6. Operating profit

The operating profit is stated after charging:

	2021 £000	2020 £000
Exchange differences	(42)	2
Other operating lease rentals	741	625
	<u>741</u>	<u>625</u>

Amortisation of intangible assets is included in administrative expenses.

7. Auditors' remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	25	42
	<u>25</u>	<u>42</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

JOHN DAVIDSON (PIPES) LIMITED

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

8. Employees

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

	2021 £000	2020 £000
Wages and salaries	7,595	5,513
Social security costs	726	564
Cost of defined contribution scheme	302	247
	<u>8,623</u>	<u>6,324</u>

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

	2021 No.	2020 No.
Employees	<u>226</u>	<u>220</u>

9. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	311	238
Company contributions to defined contribution pension schemes	21	18
	<u>332</u>	<u>256</u>

10. Interest receivable

	2021 £000	2020 £000
Other interest receivable	6	9
	<u>6</u>	<u>9</u>

JOHN DAVIDSON (PIPES) LIMITED

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

11. Interest payable and similar expenses

	2021 £000	2020 £000
Bank interest payable	188	132
	<u>188</u>	<u>132</u>

12. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	1,494	344
Adjustments in respect of previous periods	(24)	-
	<u>1,470</u>	<u>344</u>
Total current tax	<u>1,470</u>	<u>344</u>
Deferred tax		
Origination and reversal of timing differences	26	-
Changes to tax rates	(53)	-
Total deferred tax	<u>(27)</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>1,443</u>	<u>344</u>

JOHN DAVIDSON (PIPES) LIMITED

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

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2020 - the same as) the standard rate of corporation tax in the UK of 19% (2020 - 19%) as set out below:

	2021 £000	2020 £000
Profit on ordinary activities before tax	6,977	1,544
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	1,443	294
Effects of:		
Payment made for group relief	1,443	-
Group relief	(1,443)	-
Marginal relief	-	50
Total tax charge for the year	1,443	344

Factors that may affect future tax charges

The profits for the year ended 31 December 2021 and 31 December 2020 are taxed at 19% and 19% respectively.

Following the 2021 Budget announcement, the rate of corporation tax will be increased from 19% to 25% from 1 April 2023. Accordingly, profits earned in future periods will be taxed at 25% rather than 19% and any deferred tax assets or liabilities will be revalued reflecting the latest enacted rate.

There is no expiration date on timing differences.

JOHN DAVIDSON (PIPES) LIMITED

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

13. Intangible assets

	Computer software £000
Cost	
At 1 January 2021	320
At 31 December 2021	<u>320</u>
Amortisation	
At 1 January 2021	204
Charge for the year on owned assets	49
At 31 December 2021	<u>253</u>
Net book value	
At 31 December 2021	<u>67</u>
At 31 December 2020	<u>115</u>

JOHN DAVIDSON (PIPES) LIMITED

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

14. Tangible fixed assets

	Freehold property £000	Long-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation						
At 1 January 2021	2,084	2,433	1,000	2	882	6,401
Additions	-	23	241	-	133	397
Disposals	-	-	(54)	-	-	(54)
At 31 December 2021	2,084	2,456	1,187	2	1,015	6,744
Depreciation						
At 1 January 2021	1,402	1,762	797	2	797	4,760
Charge for the year on owned assets	62	131	114	-	85	392
Disposals	-	-	(54)	-	-	(54)
At 31 December 2021	1,464	1,893	857	2	882	5,098
Net book value						
At 31 December 2021	620	563	330	-	133	1,646
At 31 December 2020	682	671	203	-	86	1,642

The company has granted fixed and floating charge over part of its property.

15. Stocks

	2021 £000	2020 £000
Finished goods and goods for resale	8,312	8,121
	<u>8,312</u>	<u>8,121</u>

JOHN DAVIDSON (PIPES) LIMITED

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

16. Debtors

	2021 £000	2020 £000
Trade debtors	9,015	7,246
Amounts owed by group undertakings	14,057	7,800
Prepayments and accrued income	378	451
Deferred taxation	226	198
	<u>23,676</u>	<u>15,695</u>

17. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	187	261
Less: bank overdrafts	(1)	-
	<u>186</u>	<u>261</u>

18. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Bank overdrafts	1	-
Trade creditors	6,270	6,010
Amounts owed to group undertakings	3,197	2,316
Other taxation and social security	899	-
Other creditors	243	1,508
Accruals and deferred income	2,567	823
	<u>13,177</u>	<u>10,657</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

JOHN DAVIDSON (PIPES) LIMITED

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

19. Financial Instruments

	2021 £000	2020 £000
Financial assets		
Financial assets measured at fair value through profit or loss	187	261

20. Deferred taxation

	2021 £000	2020 £000
At beginning of year	198	101
Charged to profit or loss	28	97
At end of year	226	198

The deferred tax asset is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances in excess of depreciation	226	198
	226	198

The net deferred tax asset relates to timing differences on capital allowances.

JOHN DAVIDSON (PIPES) LIMITED

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

21. Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
10,000 (2020 - 10,000) ordinary shares of £1.00 each	10	10

22. Reserves

Profit and loss account

The profit and loss account represents cumulative profit or losses, net of dividends paid and other adjustments.

23. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £302,443 (2020 - £228,000). Contributions totalling £37,085 (2020 - £33,000) were payable to the fund at the balance sheet date and are included in creditors.

24. Commitments under operating leases

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

	2021 £000	2020 £000
Not later than 1 year	2,111	2,336
Later than 1 year and not later than 5 years	2,818	2,980
Later than 5 years	4,330	4,087
	9,259	9,403

25. Controlling party

The immediate parent undertaking is Tessenderlo Holding UK Ltd, a company registered in Wales and has a 100% interest in the equity share capital of John Davidson (Pipes) Limited. The directors consider the ultimate holding company to be Tessenderlo NV which is incorporated in Belgium. Copies of the latest financial statements are available from its registered office at Headquarters, Rue du Trone 130, B-1050 Brussels.