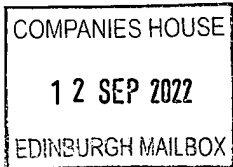


Clyde Bergemann Limited

Annual Report and Financial Statements

28 February 2022

Registered number: SC139238



Clyde Bergemann Limited

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Clyde Bergemann Limited

Officers and professional advisors

Directors

M Peoples
C Mueller

Secretary and Registered office

K Milligan
47 Broad Street
Bridgeton
Glasgow
G40 2QR

Bankers

The Bank of Scotland
110 St Vincent Street
Glasgow
G2 5EJ

Commerzbank AG
17 Hohe Street
Wesel
46483

Solicitors

Dentons UK and Middle East LLP
1 George Square
Glasgow
G2 1AL

Independent auditor

Deloitte LLP
Statutory Auditor
110 Queen Street
Glasgow
G1 3BX

Clyde Bergemann Limited

Strategic report

Review of the business

The principal activity of the company during the year ended 28 February 2022 was that of the manufacture of boiler efficiency cleaning equipment and the sale of related spares and service support to the renewable/utility, power, marine and petrochemical industries.

Clyde Bergemann Limited operates around the world. The company will continue to source work from its designated global markets through the Clyde Bergemann Group sales offices, European sales team and the Company's global agents.

The company considers turnover, profit before tax and shareholder funds to be the key performance indicators. Turnover increased by 8.09% in 2022 to £6,168,359 (2021: £5,706,713) due to stronger order intake and fulfillment during the year. Profit before tax decreased by 89% to £471,505 (2021: £4,407,469) as there was no dividend income received in 2022 (2021: £4,415,115). Lastly, shareholder's funds increased in 2022 by 35% to £5,933,443 (2021: £4,396,925). This increase was mainly driven by the actuarial gains on defined benefit pension scheme and the fact that there was no dividend paid in 2022 (2021: £4,500,638).

As shown in the company's profit and loss account on page 12, the company's sales have increased by 8.09% compared to the previous year due to the business beginning to recover from the pandemic. Operating profit was £451,497 compared to an operating loss of £20,220 in the previous year. The directors paid no dividend in 2022 (2021: final dividend of £85,523; and two interim dividends of £3,694,950 and £720,165.)

The balance sheet on page 14 of the financial statements shows net assets have increased by £1,536,518 due to profits in the year of £373,258, the actuarial gains on defined benefit pension scheme, net amounting of £1,210,950, less the loss from cashflow hedge of £47,690.

The orders in hand at 28 February 2022 totaled £1,016,493 (2021: £1,503,630) providing a positive starting position for the next financial year.

The directors remain confident that the company's activities will continue to generate satisfactory results in the coming year.

The directors consider that the current and changing global economic conditions can create some levels of uncertainty particularly over:

- the level of demand for the company's products and services; and
- movements in exchange rates between the GB pound (the company's reporting currency) and the principal currencies in which the company trades globally, and the impact that could have on financial and trading performance.

Principal risks and uncertainties

The company's main source of revenue is derived from the supply of boiler efficiency services and equipment into the renewable/utility, power, marine and petrochemical industries and so is subject to fluctuations in the level of expenditure available in those markets. Whilst unable to influence market expenditure, the company seeks to optimise its position in this respect by the provision of innovative solutions at the cutting edge of technology applied to a diverse range of domestic and international markets. In recent years the company has significantly increased its activities in the Renewables Energy markets, which continues to reduce the company's exposure to the coal fired power industry.

The company faces the potential risk that contract performance may not be as expected. This risk is mitigated by process improvements resulting from a continuous focus upon the company's standards of bid assessment and contract execution in terms of the quality of product design, supply chain delivery and project management. The company also regards the caliber of individuals recruited and their ongoing personal development as paramount.

The Covid 19 pandemic continues to be of concern. The Board of Directors continue to monitor the impacts of the COVID-19 pandemic which include raw material scarcity and disruption to supply chain operations. The company was able to react promptly and apply necessary mitigating actions to protect its people and its operations.

Clyde Bergemann Limited

Strategic report (continued)

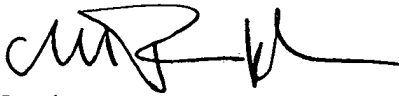
In terms of Brexit, the company has adapted and continues to adapt to changes in working practices.

In terms of the Ukraine/Russia conflict, the company has experienced challenges regarding material availability and inflationary pressures, the company are reviewing its purchasing processes to manage the impact of these issues and any future concerns which may arise.

Future developments

The directors expect the general level of activity to improve in the forthcoming year. The proportion of business secured in the coal fired power sector has reduced as expected, however volumes secured from Petrochemical, Biomass, Waste to Energy plants and Industrial sectors has increased as a result of not only shifts in the power market, but also as a result of the company's increased activity in key non-power sectors.

Approved by the Board of Directors and signed by order of the board.

A handwritten signature in black ink, appearing to be 'M Peoples', written over a horizontal line.

M Peoples
Director

7 September 2022

Clyde Bergemann Limited

Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 28 February 2022.

Future developments and events after the balance sheet date

Details of future developments can be found in the Strategic Report on page 3 and form part of this report. Meanwhile, there are no post balance sheet events to be disclosed.

Financial risk management objectives and policies

The Company has a number of contracts denominated in currencies other than sterling. The Company enters into forward contracts to mitigate the risk of foreign exchange fluctuations.

As a consequence of the level of overseas trade mentioned above, the Company is also exposed to movements in the various currencies in which we trade against sterling exchange rates. This risk is managed by adopting an appropriate hedging strategy on a contract by contract basis.

The directors consider that the current and changing global economic conditions can create some levels of uncertainty particularly over:

- the level of demand for the Company's products and services; and
- movements in exchange rates between sterling (the Company's reporting currency) and the principal currencies in which the Company trades globally, and the impact that could have on financial and trading performance.

The Company does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures.

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The Company's principal financial assets are trade debtors and amounts recoverable under contracts. The Company's credit risk is primarily attributable to those balances. The amounts presented in the financial statements are shown net of provision for doubtful debts.

The vast majority of the Company's sales are outside the UK, which increases the Company's credit risk. The Company minimises the risk firstly by the negotiation of the best contractual terms possible and secondly by seeking insurance for all overseas debt.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Company works towards a positive cash flow at all times, with the knowledge that they have the security of short and long term debt finance available for ongoing operations and future developments.

Further details regarding liquidity risk can be found in Note 1 in the financial statements.

Dividends

Details of dividends paid during the year can be found in the Strategic Report on page 2 and form part of this report by cross – reference.

Clyde Bergemann Limited

Directors' report (continued)

Research and development

The Company continues to invest in research and development and this has resulted in some updates to existing product offerings. The directors regard investment in research and development as necessary for continuing success in the medium to long term future.

Going concern

Although the Covid 19 pandemic continues to be of concern, our business has coped well and trade is effectively returning to pre pandemic levels, we do have to remain vigilant at home and abroad of continuing challenges.

The new challenges facing our business are the impact on material availability and inflationary pressures post Covid-19 and the consequences from the Ukraine-Russia conflict. We are adhering to sanctions requirements, and this has removed a small proportion of our marketplace. We are taking action to review our purchasing processes to manage the impact of these issues and reduce any future concerns that may arise.

Further details regarding the adoption of the going concern basis can be found in the Note 1 in the financial statements.

Directors

The directors, who served throughout the year and up to the date of signing except as noted, were as follows:

M Peoples
C Mueller

Director's indemnities

The Company has granted an indemnity to its directors and officers against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. A qualifying third party indemnity provision remains in force as at the time of approving the director's report.

Political contributions

No political donations made during the year (2021 - £nil).

Clyde Bergemann Limited

Directors' report (continued)

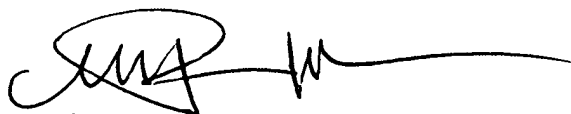
Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed by the directors.

A handwritten signature in black ink, appearing to be 'M Peoples', with a long horizontal line extending to the right.

M Peoples
Director
7 September 2022

Clyde Bergemann Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 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 of the Company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and
- 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 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.

Independent auditor's report to the members of Clyde Bergemann Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Clyde Bergemann Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 28 February 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 28.

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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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.

Other information

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

Independent auditor's report to the members of Clyde Bergemann Limited (continued)

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 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.

Responsibilities of directors

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 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.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Independent auditor's report to the members of Clyde Bergemann Limited (continued)

As a result of performing the above we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- Revenue recognition in relation to cut-off on live contracts. We reviewed all live contracts at year end, discussed contract performance with project managers, audited the recognised revenue amount by verifying inputs of the calculation such as source contracts and costs incurred to date and estimated cost to complete.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Clyde Bergemann Limited (continued)

Use of our report

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



Paul Hazelton, CA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Glasgow, UK

7 September 2022

Clyde Bergemann Limited

Profit and loss account For the year ended 28 February 2022

	Note	2022 £	2021 £
Turnover	3	6,168,359	5,706,713
Cost of sales		(4,498,509)	(4,426,894)
Gross profit		1,669,850	1,279,819
Distribution costs		(379,513)	(348,739)
Administrative expenses		(908,802)	(1,082,757)
Other operating income	4	69,962	131,457
Operating profit/(loss)	6	451,497	(20,220)
Interest receivable and similar income, net	5	20,008	4,427,689
Profit before taxation	6	471,505	4,407,469
Tax on profit	10	(98,247)	(45,520)
Profit for the financial year attributable to the equity shareholders of the Company		373,258	4,361,949

All activities of the company are classified as continuing.

Clyde Bergemann Limited

Statement of comprehensive income For the year ended 28 February 2022

	Note	2022 £	2021 £
Profit for the financial year		373,258	4,361,949
Cash flow hedges			
(Losses)/Gains arising during the period	22	(62,640)	70,495
Less: reclassified to profit or loss	22	3,763	(4,783)
Open take on defined benefit pension scheme		-	(2,848,000)
Actuarial gains/(losses) on defined benefit pension scheme	25	1,495,000	(2,153,000)
Tax relating to components of other comprehensive income		(272,863)	908,639
Other comprehensive income/(expense)		1,163,260	(4,026,649)
Total comprehensive income attributable to equity shareholders of the Company		1,536,518	335,300

Clyde Bergemann Limited

Balance sheet As at 28 February 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	12	29,000	36,959
Tangible assets	13	4,304	10,689
Investments	14	30,578	30,578
		<u>63,882</u>	<u>78,226</u>
Current assets			
Stocks	15	859,095	1,184,018
Debtors – due within one year	16	8,431,852	8,966,745
Cash at bank and in hand		<u>883,352</u>	<u>744,030</u>
		10,174,299	10,894,793
Creditors: amounts falling due within one year	17	<u>(1,705,738)</u>	<u>(1,896,094)</u>
Net current assets		<u>8,468,561</u>	<u>8,998,699</u>
Total assets less current liabilities		<u>8,532,443</u>	<u>9,076,925</u>
Provisions for liabilities	19	(40,000)	(65,000)
Pension Deficit	25	<u>(2,559,000)</u>	<u>(4,615,000)</u>
Net assets		<u><u>5,933,443</u></u>	<u><u>4,396,925</u></u>
Capital and reserves			
Called-up share capital	23	1,600,000	1,600,000
Cash flow hedge reserve	23	(35,619)	12,071
Retained earnings	23	4,369,062	2,784,854
Shareholders' funds		<u><u>5,933,443</u></u>	<u><u>4,396,925</u></u>

The financial statements of Clyde Bergemann Limited (registered number SC139238) were approved by the board of directors and authorised for issue 7 September 2022. They were signed on its behalf by:


M Peoples
Director

Clyde Bergemann Limited

Statement of changes in equity For the year ended 28 February 2022

	Note	Called-up share capital £	Cash flow hedge reserve £	Retained earnings £	Total £
At 1 March 2020		1,600,000	(12,090)	6,974,353	8,562,263
Profit for the financial year		-	-	4,361,949	4,361,949
Cash flow hedges					
Gains arising during the					
Period		-	70,495	-	70,495
Less: reclassified to profit or loss		-	(4,783)	-	(4,783)
Open take on defined benefit pension scheme		-	-	(2,848,000)	(2,848,000)
Actuarial losses on defined benefit pension scheme		-	-	(2,153,000)	(2,153,000)
Tax relating to items of other comprehensive income		-	(41,551)	950,190	908,639
Total comprehensive income		-	24,161	311,139	335,300
Dividends paid on equity Shares	11	-	-	(4,500,638)	(4,500,638)
At 28 February 2021		1,600,000	12,071	2,784,854	4,396,925
Profit for the financial year		-	-	373,258	373,258
Cash flow hedges					
Losses arising during the					
Period		-	(62,640)	-	(62,640)
Less: reclassified to profit or loss		-	3,763	-	3,763
Actuarial gains on defined benefit pension scheme		-	-	1,495,000	1,495,000
Tax relating to items of other comprehensive income		-	11,187	(284,050)	(272,863)
Total comprehensive (expense)/income		-	(47,690)	1,584,208	1,536,518
Dividends paid on equity shares	11	-	-	-	-
At 28 February 2022		1,600,000	(35,619)	4,369,062	5,933,443

Clyde Bergemann Limited

Notes to the financial statements For the year ended 28 February 2022

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and in the preceding year.

a. General information and basis of accounting

Clyde Bergemann Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in Scotland. The complete address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Clyde Bergemann Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Clyde Bergemann Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Clyde Bergemann Limited is consolidated in the financial statements of its ultimate parent, Clyde Bergemann Power Group LLC, which may be obtained at 16192 Coastal Highway, Lewes, DE 19958, USA. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

b. Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors' report further describes the financial position of the Company; its cash flows, liquidity position and borrowing facilities; the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

Although the Covid 19 pandemic continues to be of concern, our business has coped well and trade is effectively getting returning to pre pandemic levels, we do have to remain vigilant at home and abroad of continuing challenges.

The new challenges facing our business are the impact on material availability and inflationary pressures post Covid-19 and consequences on Ukraine-Russia conflict. We are adhering to sanctions requirements, and this has removed a small proportion of our marketplace. We are taking action to review our purchasing processes to manage impact of these issues and reduce any future concerns that may arise.

At a time of unprecedented economic uncertainty owing to the global COVID-19 pandemic, it is clearly important for the Company to explain how we have responded as a business.

The Company meets its day to day working capital requirements through cash reserves and cash inflow from operating activities. The current economic conditions create uncertainty particularly over (a) the level of demand for the Company's products; (b) the exchange rate between sterling and both USD & and Euros and thus the consequence for the cost of the Company's raw materials; and (c) the availability of bank finance in the foreseeable future.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company will be able to operate within the level of its current facility. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Clyde Bergemann Limited

Notes to the financial statements (continued) For the year ended 28 February 2022

1. Accounting policies (continued)

c. *Intangible fixed assets*

Intangible fixed assets are stated at cost or valuation, net of amortisation and any provision for impairment, when identified. Amortisation is provided on all intangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Software - 5 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised to reflect new expectations. Impairment review is performed if indicators of impairment are identified in the year.

d. *Tangible fixed assets*

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold land and buildings - over the period of the primary lease

Plant and machinery - 10% to 20%

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

e. *Investment in subsidiary*

Investments in subsidiaries are measured at cost less impairment.

f. *Financial instruments*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Clyde Bergemann Limited

Notes to the financial statements (continued) For the year ended 28 February 2022

1. Accounting policies (continued)

Financial assets and liabilities

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(i) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

(ii) Hedge accounting

The Company designates certain derivatives as hedging instruments in cash flow hedges.

At the inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the

Clyde Bergemann Limited

Notes to the financial statements (continued) For the year ended 28 February 2022

1. Accounting policies (continued)

hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge the Company determines and documents causes for hedge ineffectiveness.

Note 20 sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

g. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

h. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Clyde Bergemann Limited

Notes to the financial statements (continued) For the year ended 28 February 2022

1. Accounting policies (continued)

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

i. Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of VAT.

Profit on long term contracts is recognised as the work is carried out, if the final outcome can be assessed with reasonable certainty. The profit is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock.

Dividend income is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

j. Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

k. Employee benefit

Defined contribution pension plan

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Defined benefit pension and other post retirement plans

On 19 March 2020 a flexible apportionment arrangement as defined in Regulation 6E of the Employer Debt Regulations in relation to the UK Pension Scheme, to which the company is an Employer was agreed. According to this arrangement Clyde Bergemann Limited took over responsibility for all liabilities of Clyde Bergemann Material Handling Limited being the Departing Employer in relation to the Scheme as those liabilities stood on March 18, 2020.

The funds are valued on a regular basis by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. The service cost of pension provision relating to the period, together with the

Clyde Bergemann Limited

Notes to the financial statements (continued) For the year ended 28 February 2022

1. Accounting policies (continued)

cost of any benefits relating to past service, is charged to the profit and loss account. A charge equal to the increase in the present value of the scheme liabilities and a credit equivalent to the group's long-term expected return on assets are included in the profit and loss account under "finance income net". Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet, net of the related deferred tax. Any difference between the expected return on assets and that actually achieved is recognized in the statement of comprehensive income along with differences which arise from experience of assumption changes. Further information on pension arrangements is set out in note 25 to the financial statements.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

l. Foreign currency

Transactions in foreign currencies are initially recorded at the rate of exchange at the date of the transaction or at forward contract rates if appropriate. Subsequent transactions in foreign currencies are reported at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see above); and
- exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

m. Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

n. Grants

Grants are recognized based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognized over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income. Furlough grant income of £63,157 was recognized in the year (2021: £131,457).

Clyde Bergemann Limited

Notes to the financial statements (continued) For the year ended 28 February 2022

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

a. Revenue Recognition

Revenue and profit is reported against a longer term contract only when the terminal revenue and profit outcomes can be reasonably assessed. This assessment involves commercial and engineering judgements of the scope of the contract and the resources required to fulfil the Company's contractual obligations.

The proportion of that terminal revenue and profit recognised is based on an engineering assessment of the physical completion that takes into account costs incurred to date, regularly updated assessments of final contract position and other factors which provides an indication of the effort incurred to date. The methodology adopted for measuring the percentage stage of completion is applied consistently.

Key source of estimation uncertainty

The measurement of the company's pension net obligations requires estimation. It is dependent on material key assumptions including discount rates, mortality rates, retail price inflation (RPI) rates and future returns on assets. The present value of the pension deficit at the balance sheet date is £2,559,000 (2021: £4,615,000), see Note 25.

3. Turnover and revenue

The turnover and pre-tax profit are attributable to the manufacture of boiler efficiency cleaning equipment and the sale of related spares and service support.

In the opinion of the directors, the disclosures of turnover by geographical destination or nature would be seriously prejudicial to the commercial interests of the company and as a result no segmental information is disclosed.

4. Other operating income

	2022 £	2021 £
Furlough grant income	63,157	131,457
Royalty income	6,805	-
	<u>69,962</u>	<u>131,457</u>

Clyde Bergemann Limited

Notes to the financial statements (continued) For the year ended 28 February 2022

5. Interest receivable and similar income, net

	2022 £	2021 £
Interest payable on finance lease	-	(262)
Interest receivable and similar income	20,008	15,785
Investment income	-	4,415,115
Share of (expense)/income from sale of assets controlled by the group	-	(2,949)
	<u>20,008</u>	<u>4,427,689</u>

Investment income

	2022 £	2021 £
Dividend income from subsidiary	-	4,415,115

Interest receivable and similar income net of interest cost

	2022 £	2021 £
Loan interest receivable from group undertakings	104,008	88,785
Net interest payable on defined benefit pension scheme (note 25)	(84,000)	(73,000)
	<u>20,008</u>	<u>15,785</u>

6. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2022 £	2021 £
Amortisation of intangible fixed assets (note 12)	7,959	2,837
Depreciation of tangible fixed assets (note 13)	6,385	8,464
Research and development	7,140	26,366
Government grants	(90,677)	(148,638)
Operating lease rentals	157,062	165,791
Foreign exchange (gain)/loss	(46,986)	55,581

Clyde Bergemann Limited

Notes to the financial statements (continued) For the year ended 28 February 2022

7. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual accounts were £53,000 (2021: £48,000).

Fees payable to Deloitte LLP and their associates for the tax compliance services were £10,506 (2021: £7,210).

8. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2022 Number	2021 Number
Office and management	28	28
Production	17	20
	<u>45</u>	<u>48</u>

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	1,757,922	1,728,131
Social security costs	161,715	173,873
Other pension costs	400,424	407,148
	<u>2,320,061</u>	<u>2,309,152</u>

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

9. Directors' remuneration and transactions

One (2021: One) director received the following remuneration:

	2022 £	2021 £
Emoluments	130,997	152,688
Company contributions to money purchase pension schemes	6,720	6,720
	<u>137,717</u>	<u>159,408</u>

A number of directors are remunerated by the Group company as opposed to being remunerated by the statutory company. No part of their remuneration is attributable to their services to Clyde Bergemann Limited. No directors had pension benefits accruing under a defined benefit scheme (2021 – none).

Clyde Bergemann Limited

Notes to the financial statements (continued) For the year ended 28 February 2022

10. Tax on profit

The tax charge comprises:

	2022 £	2021 £
Current tax on profit		
Current charge for year	-	-
Prior year adjustment	-	26,179
Total current tax	-	26,179
Deferred tax		
Origination and reversal of timing differences	98,247	19,341
Total deferred tax (see note 18)	98,247	19,341
Total tax on profit	98,247	45,520

The standard rate of tax applied to reported profit is 19% (2021: 19%).

The Finance Act 2016 included a reduction in the main rate of UK corporation tax from 19% to 17% from 1st April 2020. However in the UK budget on 11 March 2020, it was announced that the cut in the tax rate to 17% will now not occur and the UK Corporation Tax Rate will instead remain at 19%.

As recently announced in the 2022 Budget on 23 March 2022, the corporate income tax rate shall increase to 25% from financial year 2023.

The company is unaware of any other factor outside of normal business activities which will have a material impact on future tax charges.

Clyde Bergemann Limited

Notes to the financial statements (continued) For the year ended 28 February 2022

10. Tax on profit (continued)

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2022 £	2021 £
Profit before tax	<u>471,505</u>	<u>4,407,469</u>
Tax on profit at standard UK corporation tax rate of 19% (2021: 19%)	89,586	837,419
Effects of:		
- Expenses not deductible for tax purposes	(106,273)	(89,019)
- Income not taxable in determining taxable profit	(31,342)	(838,798)
- Other timing differences	48,029	90,398
- Adjustments in recognised deferred tax asset	98,247	19,341
- Adjustments to tax charge in respect of previous periods	-	26,179
Total tax charge	<u>98,247</u>	<u>45,520</u>

The deferred tax asset at 28 February 2022 has been calculated having regard to the rate of 19% substantively enacted at the balance sheet date as the directors believe this will unwind over the next financial year.

11. Dividends on equity shares

	2022 £	2021 £
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 28 February 2022 of 0.00p (2021: 5.35p)	-	85,523
Interim dividend for the year ended 28 February 2022 of 0.00p (2021: 230.93p)	-	3,694,950
Interim dividend for the year ended 28 February 2022 of 0.00p (2021 of 45.01p)	-	720,165
	<u>-</u>	<u>4,500,638</u>

Clyde Bergemann Limited

Notes to the financial statements (continued) For the year ended 28 February 2022

12. Intangible fixed assets

	Software £	Total £
Cost or valuation		
At 1 March 2021	39,796	39,796
Additions	-	-
At 28 February 2022	<u>39,796</u>	<u>39,796</u>
Amortisation		
At 1 March 2021	2,837	2,837
Charge for the year	7,959	7,959
At 28 February 2022	<u>10,796</u>	<u>10,796</u>
Net book value		
At 28 February 2022	<u>29,000</u>	<u>29,000</u>
At 28 February 2021	<u>36,959</u>	<u>36,959</u>

13. Tangible fixed assets

	Long leasehold property £	Plant and machinery and motor vehicles £	Total £
Cost or valuation			
At 1 March 2021	139,272	877,999	1,017,271
Disposals	(139,272)	(393,209)	(532,481)
At 28 February 2022	<u>-</u>	<u>484,790</u>	<u>484,790</u>
Depreciation			
At 1 March 2021	139,272	867,310	1,006,582
Charge for the year	-	6,385	6,385
Disposals for the year	(139,272)	(393,209)	(532,481)
At 28 February 2022	<u>139,272</u>	<u>480,486</u>	<u>480,486</u>
Net book value			
At 28 February 2022	<u>-</u>	<u>4,304</u>	<u>4,304</u>
At 28 February 2021	<u>-</u>	<u>10,689</u>	<u>10,689</u>

Clyde Bergemann Limited

Notes to the financial statements (continued) For the year ended 28 February 2022

14. Fixed asset investments

	2022 £	2021 £
Subsidiary undertakings	30,578	30,578
Total	<u>30,578</u>	<u>30,578</u>

Investments

The Company has investments in the following subsidiary undertakings, associates and other significant investments.

Subsidiary undertakings & registered office	Country of incorporation or principal business address	Principal activity	Holding	%
Clyde Bergemann Polska Sp Zoo ul. Murarska 27 43-100 Tychy Poland	Poland	Sootblower sales & service	Ordinary	100

Subsidiary undertakings

	£
Cost & carrying value	
At 1 March 2021	30,578
At 28 February 2022	<u>30,578</u>

Subsidiary undertakings have not been consolidated by Clyde Bergemann Limited as permitted by s.400 of the Companies Act 2006 as they are consolidated in the financial statements of Clyde Bergemann Power Group International LLC.

15. Stocks

	2022 £	2021 £
Raw materials and consumables	750,357	1,063,946
Work in progress	68,344	73,393
Finished goods and goods for resale	40,394	46,679
	<u>859,095</u>	<u>1,184,018</u>

The directors are of the opinion that there is no material difference between the book value of the stock and its replacement cost. Inventory of £3,192,796 (2021 : £3,242,999) was recognised as an expense during the period.

Clyde Bergemann Limited

Notes to the financial statements (continued) For the year ended 28 February 2022

16. Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	805,588	924,462
Gross amount due from customers for contract work	326,413	132,827
Amounts owed by entities with control over the entity	5,025,086	6,415,465
Amounts owed by entities over which the entity has control	24,095	31,934
Amounts owed by other group entities	1,586,043	377,191
VAT	3,360	9,910
Other debtors	4,680	6,336
Prepayments and accrued income	99,158	86,710
Derivative financial asset (note 20)	3,246	56,617
Deferred tax asset (see note 18)	554,183	925,293
	<u>8,431,852</u>	<u>8,966,745</u>

Amounts owed by group undertakings are interest bearing, unsecured, repayable as per inter-company terms and are expected to be collected within the next 12 months.

17. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	657,739	524,859
Amounts owed to entities with control over the entity	430,797	434,829
Amounts owed to other group entities	37,659	29,624
Other taxation and social security	44,177	35,986
Other creditors	101,144	142,663
Accruals and deferred income	333,718	645,425
Defined contribution pension scheme accrual	89,265	80,738
Derivative financial instruments (note 20)	11,239	1,970
	<u>1,705,738</u>	<u>1,896,094</u>

Amounts owed to group undertakings are non-interest bearing, unsecured and are expected to be settled within the next 12 months.

18. Deferred tax asset

	Deferred taxation £
At 1 March 2021	925,293
Debited to profit and loss account (note 10)	(98,247)
Credited to other comprehensive income	(272,863)
At 28 February 2022	<u>554,183</u>

Clyde Bergemann Limited

Notes to the financial statements (continued) For the year ended 28 February 2022

19. Provisions for liabilities

	Product warranties £
At 1 March 2021	65,000
Released in the year	<u>(25,000)</u>
At 28 February 2022	<u><u>40,000</u></u>

Product warranties

The provision for product warranties relates to expected warranty claims on products sold in the current and prior years. It is expected that the majority of this expenditure will be incurred in the next financial year and that all will be incurred within two years of the balance sheet date.

20. Financial instruments

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2022 £	2021 £
Financial assets at fair value		
Measured at fair value and designated in an effective hedging relationship		
• Derivative financial assets (see note 21)	<u>3,246</u>	<u>56,617</u>
	<u><u>3,246</u></u>	<u><u>56,617</u></u>
Financial liabilities at fair value		
Measured at fair value and designated in an effective hedging relationship		
• Derivative financial liabilities (see note 21)	<u>(11,239)</u>	<u>(1,970)</u>
	<u><u>(11,239)</u></u>	<u><u>(1,970)</u></u>

Clyde Bergemann Limited

Notes to the financial statements (continued) For the year ended 28 February 2022

21. Derivative financial instruments

	Due within one year		Due after one year	
	2022 £	2021 £	2022 £	2021 £
Derivatives that are designated and effective as hedging instruments carried at fair value				
Assets				
Forward foreign currency contracts	3,246	56,617	-	-
	<u>3,246</u>	<u>56,617</u>	<u>-</u>	<u>-</u>
Liabilities				
Forward foreign currency contracts	(11,239)	(1,970)	-	-
	<u>(11,239)</u>	<u>(1,970)</u>	<u>-</u>	<u>-</u>

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

22. Cash flow hedges

Forward foreign currency contracts

The following table details the forward foreign currency contracts outstanding as at the year-end:

Outstanding contracts	Average contractual exchange rate		Notional value		Fair value	
	2022	2021	2022 £	2021 £	2022 £	2021 £
Less than 12 months to maturity						
Asset EUR	1.169	1.114	157,128	510,338	3,246	15,485
Asset USD	-	1.253	-	400,975	-	41,132
Liability EUR	1.182	1.112	(138,853)	(22,151)	(1,272)	(752)
Liability USD	1.373	1.375	(412,005)	(50,477)	(9,967)	(1,218)
					<u>(7,993)</u>	<u>54,647</u>

The Company has entered into contracts to supply goods to customers around the world. The Company has entered into forward foreign currency contracts to hedge the exchange rate risk arising from these anticipated future transactions, which are designated as cash flow hedges. The hedged cash flows are expected to occur and to affect profit or loss within the next financial year.

Losses of £62,640 (2021: gain of £70,495) were recognised in other comprehensive income and a £3,763 gain (2021: loss of £4,783) was recycled to the profit and loss for the period.

Clyde Bergemann Limited

Notes to the financial statements (continued) For the year ended 28 February 2022

23. Called-up share capital and reserves

	2022 £	2021 £
Allotted, called-up and fully-paid 1,600,000 ordinary shares of £1.00 each	1,600,000	1,600,000
Retained earnings	4,369,062	2,784,854
Cash flow hedge reserve	(35,619)	12,071
	<u>5,933,443</u>	<u>4,396,925</u>

The Company has one class of ordinary shares which carry no right to fixed income.

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

The cash flow hedge reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in hedging variable interest rate risk of recognised financial instruments or foreign exchange risk in firm commitments or highly probable forecast transactions. Amounts accumulated in this reserve are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

24. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2022		2021	
	Land and buildings £	Other £	Land and buildings £	Other £
- within one year	101,871	43,624	97,020	53,381
- between one and five years	407,484	47,646	388,080	61,010
- after five years	152,807	-	242,550	-
	<u>662,162</u>	<u>91,270</u>	<u>727,650</u>	<u>114,391</u>

Clyde Bergemann Limited

Notes to the financial statements (continued) For the year ended 28 February 2022

25. Employee benefits

The Company operates defined contribution retirement benefit schemes for all qualifying company employees.

In the previous financial year, a flexible apportionment arrangement as defined in Regulation 6E of the Employer Debt Regulations in relation to the UK Pension Scheme, to which the company is an Employer was agreed. According to this arrangement Clyde Bergemann Limited took over responsibility for all liabilities of Clyde Bergemann Material Handling Limited being the Departing Employer in relation to the Scheme as those liabilities stood on March 18, 2020. Effective 19 March 2020 the Company started accounting for the scheme as a defined benefit scheme. Before signing the flexible apportionment agreement there was no contractual agreement or stated policy for charging the net defined benefit costs of the scheme to the scheme's participating employers and so the Company accounted for the scheme as though it were a defined contribution scheme.

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying company employees. The total expense charged to profit or loss in the period ended 28 February 2022 was £120,104 (2021: £128,008). Amounts accrued at 28 February 2022 was £17,439 (2021 : £23,921)

Defined benefit schemes

An actuarial valuation was carried out at 28 February 2022 for the purposes of the financial statements by a qualified independent actuary. The projected benefit obligation was determined using the following actuarial assumptions:

	2022	2021
Discount rate	2.65%	1.95%
Rate of increase in salaries	0.00%	0.00%
Rate of increase in pensions in payment (based on 5% LPI)	3.45%	3.05%
Inflation assumption	3.60%	3.10%

In determining the expected long-term rate of return on assets, Management has evaluated input from actuaries and financial advisers, including their review of anticipated future long-term performance of individual asset classes and the consideration of the appropriate asset allocation strategy given the anticipated requirements of the plan to determine the average rate of earnings expected on the funds invested. The projected returns are based on broad bond indices with risk premiums applied where appropriate (6.10% per annum for equities and 4.50% per annum for the property).

The fair value of the plan assets was as follows:

Fair value of plan assets	2022	2022	2021	2021
	Percentage of total assets	£'000	Percentage of total assets	£'000
Equity	50.1%	6,608	54.7%	6,581
Bonds	34.8%	4,580	34.8%	4,182
Property	5.0%	657	4.3%	518
Cash	10.1%	1,337	6.2%	747
Total fair value of assets	100.0%	13,182	100.0%	12,028

Clyde Bergemann Limited

Notes to the financial statements (continued) For the year ended 28 February 2022

25. Employee benefits (continued)

All of the Scheme's assets are quoted in active markets. In accordance with section 222 of the UK Pensions Act 2004 the Scheme must have sufficient and appropriate assets to meet the expected cost of providing members' past service benefits. Following a strategic benchmark the scheme invests 60% of assets in growth assets and 40% in matching assets. The majority of the assets are valued weekly, using median prices at the close of the business day prior to the valuation date. This valuation may differ from the price used for transactions. The mortality assumptions adopted at 28 February 2022 imply the following future expectancies.

	2022 Years	2021 Years
Pensioners currently aged 65		
- Male	20.5	20.4
- Female	22.2	22.1
Future pensioners aged 65 (currently aged 45)		
- Male	22.4	22.4
- Female	25.9	25.8

The pension cost for the financial year consists of:

	2022 £'000	19 March 2020 to 28 February 2021 £'000
Pension cost		
Administration costs	214	211
Interest cost on projected benefit obligation	319	373
Expected return on plan assets	(235)	(300)
Total pension cost	298	284

Amounts recognised in the statement of comprehensive income :

Open take on defined benefit pension scheme	-	(2,848)
Actual return on assets excluding amounts included in net interest	817	1,106
Actuarial gains/(losses) on defined benefit pension scheme	678	(3,259)
Total amounts recognized in the statement of comprehensive income	1,495	5,001

Clyde Bergemann Limited

Notes to the financial statements (continued) For the year ended 28 February 2022

25. Employee benefits (continued)

The following provides the funded status of the plan taking related deferred taxes into consideration:

	2022 £'000	2021 £'000
Funded status of the plan		
Benefit obligation at year end	(15,741)	(16,643)
Fair value of plan assets at end of year	13,182	12,028
Funded status at end of year (deficit in the scheme)	(2,559)	(4,615)
Related deferred tax asset	486	877
Net pension liability	(2,073)	(3,738)

The movements in the benefit obligation and the plan assets in the year are as follows:

	2022 £'000	2021 £'000
Change in benefit obligation		
Benefit obligation at start of year	(16,643)	-
Liabilities assumed in flexible apportionment arrangement	-	(13,337)
Administration costs	(214)	(211)
Interest cost	(319)	(373)
Actuarial (loss)/gain	679	(3,259)
Benefits paid	756	537
Benefit obligation at end of year	(15,741)	(16,643)
Change in plan assets		
Plan assets at start of year	12,028	-
Assets acquired in flexible apportionment arrangement	-	10,489
Interest income	235	300
Actual return on plan assets	816	1,106
Employer contributions	859	670
Benefits paid	(756)	(537)
Plan assets at end of year	13,182	12,028

Clyde Bergemann Limited

Notes to the financial statements (continued) For the year ended 28 February 2022

26. Contingent liabilities

The company has issued performance and bid bonds which amounted to £138,086 at 28 February 2022 (2021: £151,692). Included in this total are performance bonds to the value of £138,086 (2021: £146,307) and zero bid bonds (2021: 5,385) that have been entered into in the normal course of the company's business. The directors do not expect any liability to crystallise in respect of these bonds and guarantees.

27. Related party transactions

Other related party transactions

As a wholly owned subsidiary of Clyde Bergemann Power Group, LLC, the Company is exempt from requirements of Section 33 of Financial Reporting Standard 102 (FRS 102) to disclose transactions with other member of the group.

28. Controlling party

At the balance sheet date, the company was a wholly owned and controlled subsidiary of Clyde Bergemann Power Group LLC, incorporated in the USA. The largest and smallest group which includes the company and for which group financial statements are prepared. The immediate holding company is Clyde Bergemann Management GmbH.

Copies of the consolidated financial statements of Clyde Bergemann Power Group LLC, may be obtained from the Company Secretary at their registered office:

Clyde Bergemann Power Group, LLC
16192 Coastal Highway
Lewes
DE 19958
USA