Registered number: SC220455

# GLENFIELD INVICTA LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2021

# GLENFIELD INVICTA LIMITED

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | Paul Henry Boyden<br>Gayle Broadhurst<br>John Paul Hubbard<br>Lars Kudsk<br>Martin Roy Greenhalgh<br>Andrew Izod (resigned 15 October 2021) |
| **Company secretary** | Gayle Broadhurst<br>Richard Buss (resigned 13 December 2021) |
| **Registered number** | SC220455 |
| **Registered office** | Glenfield Invicta Limited<br>Queens Drive<br>Kilmarnock<br>South Ayreshire<br>KA31 3XB |
| **Independent auditor** | Grant Thornton UK LLP<br>Chartered Accountants & Statutory Auditor<br>1 Holly Street<br>Sheffield<br>South Yorkshire<br>S1 2GT |

# GLENFIELD INVICTA LIMITED

## CONTENTS

# DIRECTORS' REPORT
# FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their report and the financial statements for the year ended 30 September 2021.

## Principal activity

The company's principal activity is the sale of valves offering complete valve, penstock and site solutions.

## Results and dividends

The loss for the year, after taxation, amounted to £49,894 *(2020: loss £283,125)*.

No dividends were paid in the current or prior year.

## Directors

The directors who served during the year were:

Paul Henry Boyden
Gayle Broadhurst
John Paul Hubbard
Lars Kudsk
Martin Roy Greenhalgh
Andrew Izod (resigned 15 October 2021)

## Directors' responsibilities statement

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the 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;
- 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.

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

**Future developments**

The directors expect the general level of activity to increase again in the forthcoming year due to strong demand in the UK water industry. The market is already seeing a large uplift in activity as the current AMP cycle begins to reach peak activity. The company is expected to further its service and product offerings to further promote opportunities in the UK water market.

**Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the rear and remain in force at the date of this report.

**Post balance sheet events**

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

**Disclosure of information to auditor**

The directors confirm that:

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

**Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 21/12/2021 and signed on its behalf.

Gayle Broadhurst

**Gayle Broadhurst**
Director

GrantThornton

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLENFIELD INVICTA LIMITED

### Opinion

We have audited the financial statements of Glenfield Invicta Limited (the 'company') for the year ended 30 September 2021, which comprise the Statement of income and retained earnings, the Balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

Grant Thornton

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLENFIELD INVICTA LIMITED (CONTINUED)**

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.

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

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

**Other information**

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

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

We have nothing to report in this regard.

**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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

GrantThornton

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLENFIELD INVICTA LIMITED (CONTINUED)

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

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 Directors' report.

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

**Responsibilities of directors for the financial statements**

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

In preparing the financial statements, the directors are responsible for assessing the 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- We identified significant laws and regulations, as detailed below, relevant to the company through inquiries of management and corroborated this through review of board minutes and legal expenses.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined which may influence the financial statements. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the company operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those are laws and regulations relating to health and safety, employee matters, data protection and bribery and corruption practices.
- We assessed the susceptibility of the company's financial statements to material misstatements, including how fraud might occur. We performed procedures over journal entries (in particular manual journal entries determined to be large or relating to unusual transactions), related party transactions and evaluated processes and controls in place to address the risks related to irregularities and fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of the company's operations, the applicable statutory provisions, and the company's control environment, including the adequacy of procedures for authorisation of transactions.
- The engagement team's experience with similar engagements, their understanding of the company's industry and regulatory requirements (FRS 102 and the Companies Act 2006 and the relevant tax compliance regulations) relating to the company were considered in assessing the competence and capabilities of the engagement team. No matters relating to non-compliance with laws and regulation or relating to fraud were identified in relation to above mentioned laws and regulations that were identified by us as most significant.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Grant Thornton

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLENFIELD INVICTA 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.

Gt Thn. UK LLP

Michael Redfern FCA
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield
Date: 21/12/2021

## GLENFIELD INVICTA LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS
## FOR THE YEAR ENDED 30 SEPTEMBER 2021

| | Note | 2021 £ | *2020 £* |
|---|---|---|---|
| Turnover | 4 | **5,992,635** | *6,128,321* |
| Cost of sales | | **(4,024,037)** | *(4,301,082)* |
| **Gross profit** | | **1,968,598** | *1,827,239* |
| Distribution costs | | **6,951** | *11,729* |
| Administrative expenses | | **(2,110,891)** | *(2,262,706)* |
| *Other operating income* | 5 | **-** | *166,008* |
| **Operating loss** | 6 | **(135,342)** | *(257,730)* |
| Interest payable and similar expenses | 9 | **(19,082)** | *(18,149)* |
| **Loss before tax** | | **(154,424)** | *(275,879)* |
| Tax on loss | 10 | **104,530** | *(7,246)* |
| **Loss after tax** | | **(49,894)** | *(283,125)* |
| Retained earnings at the beginning of the year | | **(40,546)** | *242,579* |
| Loss for the year | | **(49,894)** | *(283,125)* |
| **Retained earnings at the end of the year** | | **(90,440)** | *(40,546)* |

The above activities relate to continuing operations.

There was no other comprehensive income for 2021 *(2020: £Nil).*

The notes on pages 10 to 23 form part of these financial statements.

**GLENFIELD INVICTA LIMITED**
**REGISTERED NUMBER:SC220455**

**BALANCE SHEET**
**AS AT 30 SEPTEMBER 2021**

| | Note | | 2021 £ | | 2020 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 12 | | **175,443** | | *137,567* |
| | | | **175,443** | | *137,567* |
| **Current assets** | | | | | |
| Stocks | 13 | **359,313** | | *231,991* | |
| Debtors: amounts falling due within one year | 14 | **3,464,076** | | *3,554,428* | |
| | | **3,823,389** | | *3,786,419* | |
| Creditors: amounts falling due within one year | 15 | **(3,886,377)** | | *(3,761,637)* | |
| **Net current (liabilities)/assets** | | | **(62,988)** | | *24,782* |
| **Total assets less current liabilities** | | | **112,455** | | *162,349* |
| **Provisions for liabilities** | | | | | |
| Other provisions | 16 | **(2,895)** | | *(2,895)* | |
| | | | **(2,895)** | | *(2,895)* |
| **Net assets** | | | **109,560** | | *159,454* |
| **Capital and reserves** | | | | | |
| Called up share capital | 17 | | **200,000** | | *200,000* |
| Profit and loss account | 18 | | **(90,440)** | | *(40,546)* |
| | | | **109,560** | | *159,454* |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21/12/2021

Gayle Broadhurst

**Gayle Broadhurst**
Director

The notes on pages 10 to 23 form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED 30 SEPTEMBER 2021

## 1. General information

Glenfield Valves Limited is a private company limited by shares and incorporated in the United Kingdom. Registered number SC220455. Its registered office is located at Glenfield Invicta Limited, Queens Drive, Kilmarnock, South Ayreshire, KA31 3XB.

## 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 Section 1A of Financial Reporting Standard 102, (FRS 102) 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' issued by the Financial Reporting Council.

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

The following principal accounting policies have been applied:

### 2.2 Going concern

The financial statements have been prepared using the going concern basis of accounting. The company is reliant on an inter-group funding. After making all reasonable enquiries and taking into consideration the letter of support from the immediate parent, the directors have reached the conclusion that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. In doing so, the directors have had regard to the latest guidelines from the Financial Reporting Council regarding preparation of financial statements on a going concern basis.

### 2.3 Prior period adjustment

In the prior year, accrued income was recognised within the trade debtors figure, whereas in the current year this has been disaggregated. Therefore, the prior year figure has been restated for consistency. See note 14 for further detail.

## 2. Accounting policies (continued)

### 2.4 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.

**Construction contracts**

Revenue from construction contracts is recognised at the point where the revenue and costs can be measured reliably and where the work performed can be accurately and reliably measured by surveys or inspection by both our employees and those of the customer. These surveys occur at regular intervals on the contract and will measure completed works on each contract. Revenue and costs are accurately measured under these inspections for each contract and taken to the P&L at the point of their completion with profit being a derived number based from the revenue and costs.

Where it is expected that the costs will exceed the revenue, these costs are expensed immediately. Variations or compensation events are treated the same as the main works and only recognised on survey/inspection. Where the outcome of a contract is uncertain only revenue and costs that are certain are recognised.

### 2.5 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 years |
| Development costs | - | 3 years |

## 2. Accounting policies (continued)

### 2.6 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.

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:

| | |
|---|---|
| Leasehold property improvements | - 10 years |
| Plant and machinery | - 10 years |
| Motor vehicles | - 5 years |
| Fixtures and fittings | - 3 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.

### 2.7 Stocks

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

At each 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.

### 2.8 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. Accounting policies (continued)

### 2.9 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.

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

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

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

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

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

### 2.10 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.

### 2.11 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

## 2. Accounting policies (continued)

### 2.12 Foreign currency translation

**Functional and presentation currency**

The company's functional and presentational currency is GBP.

**Transactions and balances**

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

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

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

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

### 2.13 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.

### 2.14 Pensions

**Defined contribution pension plan**

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

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

### 2.15 Borrowing costs

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

## 2. Accounting policies (continued)

### 2.16 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.

### 2.17 Taxation

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.

## 3. Judgements 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 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. There are no critical accounting judgements.

Stock provisioning is an estimation uncertainty. When calculating the stock provision, the company adheres to the Group accounting policy of a 50% write off for stock that has not moved for 2 years.

## 4. Turnover

Turnover arises from the company's principal activity i.e. sale of goods and services in the UK and overseas.

## 5. Other operating income

| | **2021** | *2020* |
|---|---|---|
| | **£** | *£* |
| Government grants receivable | **-** | *166,008* |

## 6. Operating loss

The operating loss is stated after charging:

| | **2021** | *2020* |
|---|---|---|
| | **£** | *£* |
| Operating lease charges | **103,720** | *84,108* |
| Depreciation of tangible fixed assets | **38,538** | *40,952* |

Directors remuneration was £261,909 of which £28,311 related to pension contributions. Payroll and other expenses for 4 of the directors were accounted for through other group companies.

## 7. Auditor's remuneration

Fees payable to the company's auditor for the audit of the company's annual financial statements totalled £13,040 *(2019: £6,000)*.

### Liability limitation agreement with the auditor

The company has entered into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditors, in respect of the statutory audit for the year ended 30 September 2021. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditors Liability Agreements, and was approved by the shareholders on 6 September 2021.

## 8. Employees

The average monthly number of employees, including directors, during the year was 35 *(2020: 41)*.

## 9. Interest payable and similar expenses

| | 2021 £ | *2020 £* |
|---|---|---|
| Bank interest payable | **19,082** | *18,149* |

## 10. Taxation

The tax charge comprises:

| | 2021 £ | *2020 £* |
|---|---|---|
| **Corporation tax** | | |
| Adjustments in respect of prior periods | **(49,916)** | *-* |
| Group relief payable/(receivable) | **(54,614)** | *-* |
| **Total current tax** | **(104,530)** | *-* |
| **Deferred tax** | | |
| Origination and reversal of timing differences | **-** | *1,366* |
| Adjustments to tax charge in respect of prior periods | **-** | *5,880* |
| **Total deferred tax** | **-** | *7,246* |
| **Taxation on (loss)/profit on ordinary activities** | **(104,530)** | *7,246* |

## 10. Taxation (continued)

### Factors affecting tax charge for the year

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

| | 2021 £ | *2020 £* |
|---|---|---|
| Loss on ordinary activities before tax | **(154,424)** | *(275,879)* |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2020: 19%)* | **(29,341)** | *(52,417)* |
| **Effects of:** | | |
| Expenses not deductible for tax purposes | **332** | *464* |
| Other permanent differences | **5** | *-* |
| Tax rate changes: deferred tax | **(67,199)** | *(19,515)* |
| Adjustments to tax charge in respect of prior periods | **(49,916)** | *(5,880)* |
| Deferred tax not recognised | **41,589** | *84,594* |
| **Total tax (credit)/charge for the year** | **(104,530)** | *7,246* |

The March 2021 Budget announced an increase in the UK standard rate of corporation tax to 25% from 1 April 2023 and the legislation received Royal Assent on 10 June 2021. Deferred tax has been accounted for at this rate.

## 11. Intangible assets

| | Software £ | Goodwill £ | Total £ |
|---|---|---|---|
| **Cost** | | | |
| At 1 October 2020 | **4,882** | **7,000** | **11,882** |
| At 30 September 2021 | **4,882** | **7,000** | **11,882** |
| **Amortisation** | | | |
| At 1 October 2020 | **4,882** | **7,000** | **11,882** |
| At 30 September 2021 | **4,882** | **7,000** | **11,882** |
| **Net book value** | | | |
| At 30 September 2021 | **-** | **-** | **-** |
| *At 30 September 2020* | *-* | *-* | *-* |

## 12. Tangible fixed assets

| | Leasehold property improvements £ | Plant and machinery £ | Motor vehicles £ | Fixtures and fittings £ | Total £ |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 October 2020 | **79,314** | **134,887** | **154,125** | **111,983** | **480,309** |
| Additions | **70,728** | **10,501** | **-** | **4,668** | **85,897** |
| Disposals | **-** | **-** | **(34,964)** | **-** | **(34,964)** |
| At 30 September 2021 | **150,042** | **145,388** | **119,161** | **116,651** | **531,242** |
| **Depreciation** | | | | | |
| At 1 October 2020 | **79,057** | **70,219** | **94,163** | **99,303** | **342,742** |
| Charge for the year on owned assets | **1,098** | **11,870** | **18,461** | **7,109** | **38,538** |
| Disposals | **-** | **-** | **(25,481)** | **-** | **(25,481)** |
| At 30 September 2021 | **80,155** | **82,089** | **87,143** | **106,412** | **355,799** |
| **Net book value** | | | | | |
| At 30 September 2021 | **69,887** | **63,299** | **32,018** | **10,239** | **175,443** |
| *At 30 September 2020* | *257* | *64,668* | *59,962* | *12,680* | *137,567* |

## 13. Stocks

| | **2021** | *2020* |
|---|---|---|
| | **£** | *£* |
| Raw materials and consumables | **26,686** | *19,489* |
| Finished goods and goods for resale | **332,627** | *212,502* |
| | **359,313** | *231,991* |

There is no significant difference between the replacement cost of stock and their carrying values.

Stocks are stated after a provision for impairment of £36,092 *(2020: £62,433)*.

## 14. Debtors

| | | *Restated* |
|---|---|---|
| | **2021** | *2020* |
| | **£** | *£* |
| Trade debtors | **1,614,095** | *1,196,290* |
| Accrued income | **505,109** | *861,882* |
| Amounts owed by group undertakings | **1,261,654** | *1,402,512* |
| Other debtors | **56,938** | *67,464* |
| Tax recoverable | **26,280** | *26,280* |
| | **3,464,076** | *3,554,428* |

Amounts owed by group undertakings are unsecured, interest free and on standard trading terms.

In the prior year, accrued income was recognised within the trade debtors figure, whereas in the current year this has been disaggregated. Therefore, the prior year figure has been restated for consistency.

## 15. Creditors: Amounts falling due within one year

| | **2021** £ | *2020* £ |
|---|---|---|
| Bank overdrafts | **885,015** | *889,842* |
| Trade creditors | **845,000** | *738,702* |
| Amounts owed to group undertakings | **1,795,796** | *1,784,328* |
| Other taxation and social security | **197,461** | *209,932* |
| Other creditors | **163,105** | *138,833* |
| | **3,886,377** | *3,761,637* |

Bank overdrafts are secured by way of a guarantee from the company's holding company, AVK Holding A/S.

A bond and floating charge on all property and assets of the company was created 29 August 2001.

## 16. Provisions for liabilities

| | **Warranty provisions** £ |
|---|---|
| At 1 October 2020 | **2,895** |
| **At 30 September 2021** | **2,895** |

## 17. Share capital

| | **2021** £ | *2020* £ |
|---|---|---|
| **Allotted, called up and fully paid** | | |
| 200,000 *(2020: 200,000)* Ordinary shares of £1.00 each | **200,000** | *200,000* |

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

## 18. Reserves

### Profit and loss account

Includes all current and prior periods retained profits and losses including unrealised profit on the remeasurement of investment properties, net of dividends paid or other adjustments.

## 19. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £46,877 *(2020: £49,940)*. Contributions totalling £7,218 *(2020: £9,863)* were payable to the fund at the Balance sheet date and are included in creditors.

## 20. Financial commitments

At 30 September 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | **2021**<br>**£** | *2020*<br>*£* |
|---|---|---|
| Within 1 year | **18,740** | *19,426* |
| Between 1 and 5 years | **12,640** | *12,420* |
| | **31,380** | *31,846* |

## 21. Guarantees

The company is party to a cash pool agreement. Under the terms of this agreement, the participants (being group companies) in the cash pooling agreement provide cross guarantees in favour of the bank.

AVK Holding A/S, also provide a guarantee and indemnity to cover Glenfield Valves Limited facilities.

## 22. Related party transactions

As a wholly owned subsidiary, the company is exempt from the requirements of FRS 102 Section 33 to disclose transactions with other members of the group headed by AVK Holding A/S.

## 23. Controlling party

The company is controlled by AVK Holding A//S. The company's immediate parent is Aage V Kjaers Makinf Abrik A/S.

The parent undertaking of the smallest group for which consolidated financial statements are prepared is AVK Holding A/S, a company incorporated in Denmark. Consolidated financial statements are available from Erhvervssttyrelsen, Langelinie Allé 17, 2100 København Ø, Denmark.

The parent undertaking of the largest group for which consolidated financial statements are prepared is Anpartsselskabet ASX af 28. August 2014, a company incorporated in Denmark. Consolidated financial statements are available from the above address. In the opinion of the directors this is the company's ultimate parent company. Anpartsselskabet ASX af 28. August 2014 is ultimately controlled by N A Kjaer.